

**Partnerships in Community Economic Development:
The Example of Greater Moncton**

FINAL REPORT

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EXECUTIVE SUMMARY

INTRODUCTION

Greater Moncton's recovery from devastating industrial closures and job losses in the 1970s and 1980s has drawn attention across Canada. How has this been accomplished? Does it hold lessons for other parts of Atlantic Canada? Does it mean that economic development in the region is becoming more locally self-sustaining?

This project tries to answer these, and other, questions. It specifically aims to examine the various partnerships that have characterized Greater Moncton's economic resurgence, how these have worked, who the partners have been, what the role of partners has been. The report concludes that partnerships bring together public and private agencies with different skills and resources that any one of the partners would not possess alone. These include technical advice and information, and financial resources.

The research is a series of case studies, conducted by means of extensive interviews. Three specific projects that involved partnerships are profiled. A series of 18 private companies were interviewed for their assessment of the impacts of the partnerships on them. These two sets of information give a mirror image of partnerships, one from the point of view of the partners, the other from the point of view of the companies helped by the partners.

GREATER MONCTON'S RECENT ECONOMIC HISTORY

Greater Moncton's settlement and development over more than 200 years have usually been associated with entrepreneurial initiatives. The community has natural advantages, such as its location central to the Maritime Provinces. It is also a meeting place between French and English cultures in New Brunswick, and how these two have come to respect

and work with each other is a central theme in the community's recent successes. The emergence of a vibrant Acadian entrepreneurialism over the past 25 years, largely through the agency of the Université de Moncton, has complemented the established anglophone business community.

Greater Moncton has endured a series of body blows in the 1970s and 1980s, notably closure of the T. Eaton Catalogue Centre and the CN Shops. The latter, as well as costing several thousand jobs, also marked a break with the community's past as a railway town. The railway has left enduring legacies, like Moncton's position as a wholesaling and distribution centre, that have largely survived. There have also been other changes, including diversified manufacturing, sophisticated services, and an appreciable government and quasi-government sector. The 1990s have added to this diversity, including teleservice (call centres), and a growing technology sector.

Much of this diversification has been achieved by the community through a series of strategic plans (in 1991, 1994, and 1998) that set objectives and established structures to achieve them. Throughout recent times, the chief resource has been Greater Moncton's people and leaders, committing many thousands of hours in volunteer work to improve their community, accepting change as healthy, and working to turn it to their advantage.

Economic indicators confirm Greater Moncton's success in the 1990s. Labour force data compare very favourably with other towns and cities within Atlantic Canada and across Canada. Incomes have gone up. Population has been increasing. And construction activity has matched the image of a robust local economy.

CASE STUDIES OF PARTNERSHIPS IN GREATER MONCTON'S ECONOMIC DEVELOPMENT

Three projects were identified for detailed examination of how partnerships have contributed to Greater Moncton's economic development. These are the establishment of call centres as a local industry; the role of the university (UdeM) in development; and how management of the airport was transferred from federal to local hands.

The background to these case studies is an extended effort on the part of the community to take charge of its own future. Beginning with Symposium 2000 in 1989, a series of strategic plans has established overall goals for Greater Moncton, strategic themes have been identified, and specific projects have been implemented. The most recent exercise of this nature occurred in early 1998, when a new symposium, Vision 2020, began updating earlier plans.

A significant outcome of Symposium 2000 was the Greater Moncton Economic Commission (GMEC), which has become the single most important agency for economic development in the community. GMEC has figured prominently in all of the partnerships examined in this report.

CALL CENTRES

Call centres are essentially creatures of the 1990s. They depend on modern rapid telecommunications, allied to computers. New Brunswick's success at attracting call centres depends firstly on a partnership at the provincial level between the province and NBTel, based on the latter's far-sighted investment in the most modern technology since the early 1980s, and its commitment to customer service.

In the early 1990s the province recognized it had an advantage in phone service, and set out to attract companies based on this advantage. Greater Moncton entered the process

once a company had been persuaded to look at New Brunswick as a location. The partnership also involved the ability of local campuses of the New Brunswick Community College to provide customized training and new core programs for workers at the new call centres. The community offered low cost working space, and a loyal, reliable, and significantly bilingual labour force. It responded to the new provincial initiative faster than other urban centres, and as a result now has about 20 call centres employing about 3000 people.

Greater Moncton has worked hard to maintain its call centre advantages, setting up a pre-qualified labour data base, and constantly tracking its costs and other advantages. NBTel has set up a disaster recovery centre for any call centre whose equipment fails for unforeseen reasons. Companies that have set up call centres in Greater Moncton are unreserved in their praise for the welcome they received in the community, particularly the unparalleled service they receive from NBTel and the community college. The testimonials to this effect have become tools in attracting other call centres.

Call centres are now well established on the local business scene. They have added jobs. They have diversified the local economy. They have provided new, technology-based skills for workers. They have enhanced exports in that most call centres have been opened by companies based elsewhere, and usually cater to national and international markets.

UNIVERSITÉ DE MONCTON

UdeM's central mission since its founding in 1963 is to help the Acadian population of the Maritimes realize their potential, mainly by providing French-language higher education. Its success at doing this is measured in terms of the Acadian entrepreneurs who have done so much to add to Greater Moncton's economic progress in recent years.

The mission also specifies a second role in support of Acadian society, to contribute to its business and economic development. It has addressed this in Greater Moncton by

participating in the community's strategic plans and their implementation, and specifically by setting up a Parc scientifique and through Concept+, a research institute designed to assist private firms develop and market new processes and products.

The Parc scientifique was recommended as a project in the 1994 strategic plan. UdeM was approached to lead the partnership to build the park. A 15,000 square foot building took in its first tenants in late 1997, and was filled immediately. There is a list of other companies and projects waiting for new space. Other partners include GMEC, the Atlantic Canada Opportunities Agency (ACOA), the City of Moncton, and some private companies. Although UdeM is a French-language educational institution, the Parc scientifique is thoroughly and pragmatically bilingual.

Complementing the park is Concept+. This is designed to share UdeM's research capabilities to help private firms develop new technologies and products. Partnerships are between Concept+ and individual firms, with other partners (ACOA or the provincial government for financial support, for example, or the National Research Council for technical advice) as required. Projects are done to company specifications under contract on a fee-for-service basis.

The Parc scientifique is new and already fully occupied. Concept+ assists about 50 firms a year. Its projects with six technology firms alone have resulted in 200 new, highly-paid jobs, gross annual company revenues of \$35 million a year, and a payroll of \$7.5 million a year. These results are incremental in so far as the firms would probably not exist without support from Concept+ and other partners.

AIRPORT TRANSFER

Greater Moncton was one of the first medium-size cities in Canada to realize it could do a better job than Transport Canada in running its airport as a community asset and as an integral part of an expanding economic base. When a new federal National Airports Policy was announced in 1994, the partnership known as the Greater Moncton Airport Authority (GMAA) had already been in existence, in one form or another, for at least five years. Studies had been done on the economic impact of the airport, its financial requirements, and necessary investments.

Negotiations to transfer the airport were concluded by the end of 1996, and actual transfer took place in mid-1997. GMAA has a volunteer board that represented the community, businesses, municipal governments, other governments, consumers, and labour. The overriding aim of gaining control over the airport was to make it work to the benefit of the community. The partnership has achieved this goal, and is now moving on to others, including raising some \$28 million to spend on replacing one runway and building a new terminal.

ASSESSMENT OF THE THREE CASE STUDIES

These three case studies profile partnerships that are diverse in purpose, in structure, in process, and in scope. But they share common threads. First, they all aim for the betterment of the larger community. Second, their work never ends; once one goal is achieved, work starts on the next. Third, the partnerships have formed within a framework of community-based strategic plans, that reflect the aims and aspirations of Greater Moncton. This makes Greater Moncton itself the greatest partnership of all.

Partnerships have not, however, made economic development locally self-sustaining. The community can take enormous credit for charting its own course by means of realistic

plans and their implementation, but there is only so much that it can do by itself. The case studies show that the province and NBTel were indispensable in attracting call centres. Companies assisted through Concept+ often need specialized advice and financial support from federal and provincial agencies. Commitment from all partners will be needed to move the airport towards its potential as a community asset. Different partners bring different attributes to the partnerships.

The partnerships have added employment, increased skill levels, diversified the local economy, enhanced exports, and added to Greater Moncton's technology base. They have, therefore, been effective and successful.

THE IMPACT OF PARTNERSHIPS ON FIRMS

Eighteen private sector firms were interviewed to gauge what impact partnerships have had on their performance. The list of firms was drawn from ACOA files and with the assistance of GMEC. They represent most aspects of Greater Moncton's economic base. A series of questions addressed the firm, the partners it had been involved with, and the reasons for Greater Moncton's economic success.

Performance of the firm

Most of the firms (16 of 18) are successful or very successful, and have increased exports. Success can be related to both external and internal factors. External factors include outside partners, notably ACOA, the New Brunswick Department of Economic Development and Tourism (EDT), UdeM, GMEC, NBTel, and the New Brunswick Community College (NBCC). Good economic conditions were also a factor, as was being part of a growing sector and a good pool of well-educated workers.

Internal factors included good management, good planning, hard work, and good workers. Some impediments to growth included inadequate capital, poor access to good managers, rapid growth that had strained local input supplies, and changing rules for ACOA assistance.

The Partners

Seventeen of 18 firms said partners had helped them perform well. The most frequently mentioned partners were ACOA, EDT, UdeM, and GMEC. Others included NBCC, the National Research Council (NRC) and NBTel. The types of assistance from partners ranged from financial to technical or specialized advice and training.

Call centres cited NBTel as their most important partner, along with EDT (and former Premier McKenna), GMEC, and NBCC. Technology firms said UdeM was their most useful partner for research purposes, with ACOA and EDT helping fund research. NRC provided specialized technical advice as required. Other types of firms mostly valued partnerships as sources of financial assistance.

Sixteen of 18 firms indicated that partnerships helped them fully meet, or exceed, their objectives. The most frequently mentioned positive impacts were to increase business start-ups and new investments; employment and payroll growth; sales and revenue growth; market expansion; R&D and associated activities; quality improvement; skills development; and better productivity. Significant findings are that the 17 firms who had partners increased employment sixfold, from 313 in 1990 to 1,966 in 1997, due in large part to the partnerships; and revenues went up from \$30 million to over \$100 million over the same period.

Assessment of the Partnerships from the Firms' Point of View

The grid summarizes the principal contributions of each main partner. A solid bullet (●) indicates that partner has been particularly active in providing that type of support. An

open bullet (o) indicates some activity in providing that support. No entry means the partner provides little or none of that type of support.

| Principal Partner | Types of support | | | |
|---|------------------|-----|----------|------------------------|
| | Financial | R&D | Training | Information and advice |
| Government: | | | | |
| ACOA | ● | | | o |
| EDT | ● | | | ● |
| GMEC | | | | ● |
| NRC | o | ● | | ● |
| BDC | ● | | | |
| Educational institutions: | | | | |
| UdeM | | ● | o | |
| NBCC | | | ● | |
| Business organizations: | | | | |
| GMCC | | | | o |
| CÉNB | | | | o |
| Private sector: | | | | |
| NBTel | | | o | ● |
| Note: Partners not included in this table include Industry Canada, the City of Moncton, and the Industrial Parks. | | | | |

Findings from the firm interviews confirm that Greater Moncton’s economic base is becoming more diverse and self-sustaining, as a core of profitable companies develops in several sectors. However, overall development involves more than this, and costs money. This usually comes from governments, at provincial and federal levels especially, to

supplement local efforts and plans. This often requires technical advice and knowledge that does not immediately reside within the community, but must be learnt from outside.

IMPRESSIONS ON WHAT MAKES GREATER MONCTON WORK

Each person contacted as part of this research was asked five questions, to gather opinions on the key factors that have made Greater Moncton work. In many cases, these opinions come from people who have been active in community development for many years, and reflect wide experience and observation.

What has made Moncton what it is today?

Answers mostly centred on the character of the people who live in Greater Moncton, their energy, their commitment to the community, their refusal to give up, their entrepreneurial spirit, and their willingness to cooperate. Good infrastructure, the university, well-educated workers, and a good location were also mentioned. The Acadian factor, cultural harmony, and bilingualism were definite assets.

Who were the key players?

Many agencies were mentioned, notably GMEC, UdeM, and NBTel. Others included federal and provincial departments, the Community College, the industrial parks, GMCC, the municipal councils, and the business community.

Why did it work?

Setbacks mobilized the community to act, there was a refusal to accept defeat, and simply it had to work as there was no reasonable alternative. There was strong leadership, and a strong synergy developed between anglophone and francophone communities.

Cooperative action through partnerships became common. And there was an element of good luck and timing, in that Greater Moncton began to reinvent itself at the same time as

a new provincial government began to nudge New Brunswick in new, technology-based directions.

Is this success sustainable? Why? What is the next step?

The process is sustainable, but opinions on this varied. Most of the factors that have made it happen are still present (strong leadership, cooperation, committed volunteers, preparation of new plans), and success tend to breed success. The economic base is more diverse now, making the community more resilient to economic shocks. But Greater Moncton may have reached a plateau, unemployment is still high, development agencies must be more aggressive, and the current leadership is aging.

Is this experience transferable? Why?

The answer to this question was mostly positive, but not unanimous. Other places have different circumstances from Greater Moncton, and different sets of advantages. The process is transferable if it is based on local conditions, honestly appraised, with solid plans prepared, and with local leadership committed to implement these plans. In many places, local attitudes must be transformed as a precondition of development, and people must be determined to solve their own problems. They must also be prepared to seek help wherever it may reside, seek a unified vision, apply common sense, work hard for the community, and develop strong partnerships and leadership.

CONCLUSIONS

Many results from this research have confirmed that Greater Moncton is one of the most dynamic places of its size in Canada. It has recovered from loss of major industries in the 1970s and 1980s through organization, hard work, and a series of partnerships that have built on the community's natural advantages. The community itself has been the real resource, however, coming together to prepare and implement strategic plans. The partnerships involved in this process have been diverse, with objectives narrowly or

broadly defined, each with its own structure, and involving community agencies, federal and provincial departments, and the private sector. The partnerships have tended to centre on the Greater Moncton Economic Commission and the Université de Moncton locally, but with the cooperation of municipal councils, and federal and provincial agencies. Most partnerships have achieved one set of aims, then immediately move on to a new set. Some seem designed never to complete their work. New partnerships are constantly being set up for new projects.

Does Greater Moncton hold lessons for other communities in Atlantic Canada? Mostly it does, but the drive and energy to develop community economies must be locally-based, building on local advantages, commitments, and leadership. Is economic development becoming more self-sustaining at the local level? Certainly Greater Moncton has shown it can take charge of its own future, and prepare and implement plans that encourage development. But the community cannot do everything itself, and must enlist the aid of other partners who bring resources (whether financial support or advice and information) to the partnership.

The community itself must drive development, drawing on the energies and potential of individuals, businesses, and institutions. It must be led locally, and renew itself periodically. This makes the community the principal partnership, whether it is Greater Moncton or somewhere else.

Abbreviations commonly used in this report

ACOA - The Atlantic Canada Opportunities Agency

BDC - The Business Development Corporation

CÉNB - Le Conseil économique du Nouveau-Brunswick

DIP - Dieppe Industrial Park

EDT - The New Brunswick department of Economic Development and Tourism

GMAA - Greater Moncton Airport Authority

GMCC - Greater Moncton Chamber of Commerce

GMEC - Greater Moncton Economic Commission

GMEDA - Greater Moncton Economic Development Authority

IC - Industry Canada

MID - Moncton Industrial Development

NBCC - The New Brunswick Community College

NBTel - The New Brunswick Telephone Company

NRC - The National Research Council

UdeM - L'Université de Moncton

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The Steering Committee

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Persons Interviewed for the Case Studies

Léopold Belliveau - Mayor of Moncton

Mike Costello - NBTel, Moncton

Ginette Gagné-Koch - President and CEO, Region 1 Hospital Corporation (South East)

Len Lockhart - former Chair of the Greater Moncton Economic Commission

Denis Losier - President and CEO, Assomption Vie/Assomption Life

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And the representatives of the 18 private companies interviewed for their views on the effectiveness of partnerships. Their names are not disclosed here to preserve their confidentiality.

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1. BACKGROUND AND INTRODUCTION

Greater Moncton has turned heads not only in Atlantic Canada, but also across Canada, for the nature and speed of its economic resurgence during the 1990s. This was a community devastated by closure of principal employers in the last two decades, robbing it of thousands of jobs. This is the same community that a few short years later was the envy of other places. Its success has been the subject of cover stories in business magazines¹.

How has this happened? More, how has it happened in a part of the country with persistent economic problems? Can lessons be derived from Greater Moncton that might help other communities grow their economies? These, and other questions are the subject of this research project.

The project was commissioned by the Atlantic Canada Opportunities Agency, a federal department charged with helping the Atlantic regional economy develop. ACOA has its head office in Moncton, and has been a participant in, and observer of, the community's progress.

But the project is not so much about ACOA, but about Greater Moncton. Specifically, it addresses the partnerships that have formed around various projects, and to implement a series of strategic plans since 1991. ACOA and other federal and provincial departments have been partners in these initiatives, along with locally-based agencies and the private sector. The role of various partners has varied widely, supplying financial support, providing advice and technical information to companies and other agencies, coordinating projects to meet identified needs, training the workforce for new kinds of jobs, or any combination of these. It is argued in the report that no single partner can do all of these, but many can contribute in some specified way, avoiding duplication of effort wherever possible, and aiming for the betterment of the community over the short-term interests of any single partner.

This report summarizes the research. Section 2 is a brief picture of Greater Moncton's economic history, including data to demonstrate recent progress. Sections 3 and 4 are the heart of the report. Section 3 outlines how Greater Moncton has prepared and implemented its strategic plans since 1989, and then moves on to profile three case studies of partnerships - how the call centre industry developed, how the Université de Moncton has helped firms develop new technologies, and how the community gained control over its airport. The aim of this is to demonstrate the diversity of partnerships and their projects, and to show the different kinds of partners involved and how they worked together. The information in this section was gathered by an extensive series of interviews

¹ There was also a report in the *New York Times* on July 17, 1994 commenting favourably on Greater Moncton's economic resurgence.

with people in Greater Moncton, and who have been involved in many of the partnerships that have characterized the community.

Section 4 is also a case study, but one based on interviews with private companies that have been in partnerships. It is a mirror image of Section 3, summarizing the private sector angle on partnerships. Both Sections 3 and 4 help to formulate answers to two questions. Firstly, do Greater Moncton's experiences hold any lessons for other communities in Atlantic Canada? Secondly, is economic development in Greater Moncton becoming increasingly self-sustaining?

Section 5 is a summary of responses to a set of five questions asked to everyone interviewed as part of this project. The questions aimed to get an impression of the main elements of Greater Moncton's success of the past few years.

Section 6 wraps the report up. It summarizes each of the earlier sections and repeats the main conclusions with regard to lessons for other places in Atlantic Canada, and whether development at the local level is becoming self-sustaining.

SECTION 2: GREATER MONCTON'S RECENT ECONOMIC HISTORY

2.1 EARLY SETTLEMENT

Greater Moncton encompasses the City of Moncton, the towns of Dieppe and Riverview, and an extensive fringe area that includes the parishes of Coverdale, Dorchester, Hillsborough, and Moncton, and the villages of Dorchester, Hillsborough, Saint-Joseph, and Salisbury². This all sprang from modest beginnings. The first European settlement in the area was an Acadian village called Le Coude (The Elbow and later The Bend). The settlers were dispersed by British forces in 1758. The site was resettled by eight Pennsylvania Dutch families in 1766. The new township was named after Colonel Robert Monckton, second-in-command to General Wolfe at Quebec.

Moncton is not only a geographical hub in the Maritime provinces, but is also a meeting place between French and English cultures. The population of Greater Moncton is two-thirds English-speaking and one-third French-speaking, with a small admixture of other languages. The French-English mix coincides with New Brunswick as a whole, but it isn't often that the two cultures rub shoulders so closely. You are just as likely to hear either official language spoken in stores and meeting places, often with the same person switching backwards and forwards between the two with ease. Census figures show that 46% of the people in Greater Moncton know both official languages.

This biculturalism is a given in both Moncton's history and its economic development, although until recently the French has been in the shadow of the English. Only since the 1970s, with the emergence of an assertive and self-confident Acadian entrepreneurial culture, has there been an appreciable integration of French and English business interests. The development and spread of French-language education (especially at the Université de Moncton) have been critical in the process of Acadian business development, a theme that will recur throughout this report. The realization that both principal business cultures complement and reinforce each other is now accepted, and the synergy this brings to the improvement of the greater community is an important theme of this work.

A vibrant entrepreneurialism has long been a fixture in the Moncton scene. Higgins and Breau remark that "The Moncton region ... has had for many generations a solid tradition of local entrepreneurship. People indigenous to the region have started small enterprises, some of which grew into large ones. ... Nor is the participation of "les Acadiens" totally new. For generations the francophones of the region have made their own contribution to its progress."³

² Use of the name "Moncton" in this report refers to Greater Moncton, unless otherwise specified.

³ Benjamin Higgins and Andrew Breau, *Entrepreneurship and Economic Development: The Case of Moncton*, in D J Savoie and Ralph Winter (eds.) Les provinces Maritimes: un regard vers l'avenir/The Maritime

2.2 EARLY INDUSTRIES DEVELOP

The community's first significant manufacturing development was in the mid-1800s, when there was a short-lived shipbuilding industry along Hall's Creek. When this declined, the town lost its charter. Shortly afterwards, however, the railways brought longer-lasting economic growth. Firstly, the European and North American Railway ran through Moncton from Shediac to Saint John. Then the Inter-Colonial Railway (ICR) linked the Maritimes to the rest of Canada, a unifying feature of the new Confederation. These two crossed at Moncton, making it the most important railway junction in the Maritimes and headquarters to both. The town's status as a railway town was further cemented when Moncton was chosen as the eastern terminus for the National Transcontinental Railway, which was built diagonally across New Brunswick beginning in 1907, and ran on to the rest of Canada.

All or part of these three systems were folded into the new, government-owned Canadian National Railways in 1924⁴. Moncton had a thriving railcar building and repair industry by the early part of the present century; the first hospital cars that met returning wounded from the trenches of the First World War were manufactured in Moncton. With the creation of CN Rail, these became the CN Shops, and were seemingly a permanent part of the community's industrial base.

Other manufacturing developed, like The Record Foundry and Joseph Marven's biscuit factory, established in 1907. The evolution of a notable example of Acadian entrepreneurship began when a branch of La Société de l'Assomption was set up in Moncton about 1905. This was an Acadian fraternal society designed to help its members pay for illness, funerals, or higher education. The Moncton branch developed into l'Assomption Compagnie Mutuelle d'Assurance-Vie, now a dominant presence in the local financial services and property development sectors, and a notable national and international insurance company.⁵

Greater Moncton also demonstrated its resilience early. When the Record Foundry burnt down, a major industry was lost. But the fire paved the way for a new, service-based company at that site, the T. Eaton Company's new mail-order house, Greater Moncton's first "call centre". This was attracted to Moncton because of its location and the railway.

Provinces: Looking to the Future. CIRRD:Moncton 1993 pp157-188.

⁴ Much of the story of Maritime Canada's railways summarized here is from Shirley R Woods, Cinders & Saltwater: The Story of Atlantic Canada's Railways, Halifax:Nimbus Publishing Ltd, 1992; and Donald MacKay, The People's Railway: A History of Canadian National, Toronto:Douglas & McIntyre, 1992.

⁵ See Higgins and Breau, *op. cit* for these stories.

Although this was a national company locating in Moncton, management of the centre eventually passed to Monctonians who rose through the ranks.

2.3 THE RAILWAYS AND EATONS GO

Eaton's and the CN Shops show that no industry is forever. The catalogue centre closed in 1976 with loss of 1300 jobs. The effects of this were felt throughout the region, but were probably absorbed to a degree by the rise of Moncton as a shopping destination. The first stage of Champlain Place in Dieppe was opened about the time that Eaton's closed, and has become a magnet for shoppers in much of New Brunswick, Prince Edward Island, and northern Nova Scotia. As new malls opened, however, so downtown's retail base sagged. This spurred efforts to revitalize Moncton's commercial core, that picked up speed in the 1980s and eventually resulted in new office buildings and civic improvements. The federal Capital Recovery Program of the mid-1980s boosted downtown renewal, including a sizable push to the Blue Cross Centre.

The CN Shops went on for another decade. As recently as 1960 there was still major investment in rail infrastructure at Moncton, when the 830-acre Gordon Yards were opened as CN's first automated marshalling area. Rail employment in Moncton in the 1960s hit a historic peak of about 3500. But a major change had already taken place in the 1950s, when steam locomotives were replaced by diesel-electric. These could haul bigger trains, were cheaper to run, and needed much less maintenance.

Closure of the Shops was announced in 1985, stunning the community. Some 1150 workers still worked there, representing almost 13% of Moncton's economic base. The closure took effect in 1988. A Save Our Shops campaign fought a rearguard action, to no avail. CN Rail still employs several hundred people in Greater Moncton but erosion of rail jobs continues. The Gordon Yards are under threat; consolidation of diesel repair work in Toronto meant loss of 123 jobs at the diesel shop in September, 1996. Plans to sell the old ICR line to a short-line operator would involve 80 jobs being moved from Moncton.

2.4 THE COMMUNITY GALVANIZES

Loss of these rail-related jobs since 1988 effectively severed a concrete and emotional link with the community's industrial development and history. But some commentators firmly regard this as a good thing, a necessary break with the old, company-town image of the past that paved the way for new efforts to bring "modern" industry to the community. Higgins and Breau in their 1993 study comment that:

Altogether, the Moncton region displays a healthy development over the past two decades [since 1973]. There has been rapid growth and change of the right sort.

There has been a move away from manufacturing to sophisticated services, and within manufacturing, from traditional to relatively high-tech activities.⁶

In a subsequent commentary, Higgins and Breau go further:

... there can be no doubt that railways are a symbol of the past, a relic of the bygone era of smokestack industries ... By contrast, hi-tech [*sic*] industries and sophisticated services of the kind that have been coming into the Moncton region during the past decade ... are the wave of the future ... The scientists, engineers, technicians and managers who determine the location of such enterprises look for certain attributes of a city; the quality of life, presence of a university and research institutions, cultural and recreational facilities, the overall appearance, atmosphere and ambience of the town.⁷

This is the contrast, the authors contend, between Moncton as the old “railway town” and as the new “university town”. The image of the early 1970s, when the CN Shops were still close to their peak, and Moncton had a reputation for its dilapidated appearance contrasts with the late 1990s, with new buildings downtown (most recently a new City Hall, pedways, and new commercial and office space), and plans for a major overhaul on the city’s riverfront. Ideas are coming forward for new uses of the abandoned CN Shops site, 113 hectares close to downtown, that would require extensive clean-up before any new development could begin.

2.5 THE EMERGENCE OF THE ACADIANS

While the Eaton’s and CN Shops closures galvanized Greater Moncton, a quiet revolution had already begun. Establishment of the Université de Moncton (UdeM) in 1963 was pivotal. UdeM wasn’t the first time Acadians could get a higher education in their own language; Collège Saint-Joseph in nearby Memramcook offered its first degree in 1888. In the early 1960s there were eight Francophone institutions offering higher education in the province, including three for girls. All were directed by religious orders or secular clergy, and received very little provincial money. Only 1,985 students were enrolled at them in 1961-62. With the support of Premier Louis Robichaud, the first Acadian elected to the province’s highest office, these eight institutions were combined into one university offering a better variety of courses, directed by lay-people, and receiving public money. By 1975, the present UdeM took shape. In the 1990s, the university enrolls more than 5,000 students each year.

⁶ Higgins and Breau, *op cit*.

⁷ This appeared in *The Times & Transcript* on July 24, 1993.

Technical education in French was slower to appear. The New Brunswick Community College was set up by statute in 1974. Campuses were designated by language in 1977, but it was not until 1982 that a Francophone campus was opened in Dieppe to complement the anglophone campus already in Moncton.⁸

The contribution that UdeM has made to Moncton's economic development, indeed to the development of Acadian enterprise and society as a whole in New Brunswick, is critical. It can be summarized as a building of networks. As better-educated graduates with professional skills emerged from UdeM, they began to set up businesses. These hired other Francophones. Interlocking business networks began, with entrepreneurs sitting on each other's boards. Over time, integration with the already extensive English business community has become the norm.

Loyalty to the Francophone community has meant both greater willingness to take risks in fledgling enterprises within the community, and a high degree of worker dependability. Many people still remember the 1950s when the only way for Acadians to find a job was to move away to places like Massachusetts. Many undertook this transition unwillingly, forced by circumstances. A living monument to the new Acadian enterprise is the Place de l'Assomption, still Greater Moncton's only high-rise office tower and incorporating the Hotel Beauséjour. This was a Francophone development, and when built was the first significant investment in downtown in decades.

2.6 OTHER INDUSTRIES

Moncton's location within Atlantic (and especially Maritime) Canada not only was enhanced by the railway, but also meant the rise of a significant warehousing and distribution industry. This to a large degree has made the transition to the modern age, switching most of its movement of goods away from rail to road and air, adapting to new technologies, and welcoming new types of distribution such as couriers and package services. This last has opened up new opportunities for the airport, only recently transferred to local management.

As well as the CN Shops and the Eaton's Catalogue Centre, Moncton has had other setbacks in with its major industries, both public and private. The Swift meat packing plant closed in the 1970s, for example, only to be resurrected as Hub Meat Packers, still one of the biggest private sector employers in the community.

Governments have been important contributors to the local economy. But federal fiscal restraint in the 1990s has had its effects. Notably, closure of CFB Moncton, a supply

⁸ This section on post-secondary education is from Gilberte Couturier LeBlanc, Alcide Godin, and Aldéo Renaud, *French Education in the Maritimes 1604-1992*, in Jean Daigle (ed.) *Acadia of the Maritimes: Thematic Studies from the Beginning to the Present*, Chaire d'études acadiennes, Université de Moncton, 1995, pp523-562.

depot, was announced in 1989. A Save Our Base movement mobilized rapidly, pointing out the loss of 445 direct jobs and likely 250 more indirectly. Closure finally occurred in mid-1996, although a vestige (168 military personnel, 400 part-time reservists, and 20 civilians) has survived as a satellite supply station for CFB Gagetown.

To help Greater Moncton adapt to loss of military jobs, the federal government put up a \$3 million fund, the amount being based on the number of jobs lost and the relative impact on the local economy. It is administered by a local development corporation called the Moncton Response Group Inc. The funding was made available as part of a larger package for all of Atlantic Canada (a total of \$30 million for the region) through ACOA over a period of three years from fiscal 1995/96 through 1997/98. Most of the money is in an Economic Enhancement Fund, with a portion also in an Entrepreneurial Program designed to help former base employees set up their own businesses.

The Moncton Response Group itself contains representatives from the Greater Moncton Chamber of Commerce, the Greater Moncton Economic Commission, the Department of National Defence, ACOA, and the three municipalities. Funds administered by the group figure at several points in the partnerships examined in this report.

Other public offices have been closed or have lost employment as a result of federal restraint. These include the National Transportation Agency. Air traffic control services have been privatized, and the Air Traffic Control Centre in Riverview has since lost employment. The Department of Fisheries and Oceans has lost employment. Marine Atlantic's head office has for long been a fixture in Moncton, but the 35 jobs remaining there will shortly be moved to a new location to reflect the corporation's single remaining important ferry service, that links Nova Scotia and Newfoundland. Federal and provincial departments still account for about 10% of local employment, but this is significantly lower than an estimated 18 or 19% earlier in the 1990s⁹.

Other public or quasi-public agencies have gained employment in Moncton. The Atlantic Lottery Corporation has seen its payroll go up from 170 in 1990 to 310 in 1996. Canada Post and the Canadian Broadcasting Corporation remain significant presences. The arrival of ACOA in Moncton in 1987 marked the first time a federal department located its head office outside Ottawa. Two major hospitals (both regional referral centres) employ almost 4000 people. Post-secondary institutions (not including private training agencies) employ almost 1200, with further university jobs at nearby Sackville.

2.7 THE COMMUNITY MOBILIZES

The major changes of the 1970s and 1980s prompted the community as a whole to begin to plan as a unit. The Greater Moncton Chamber of Commerce (GMCC) worked to bring

⁹ Estimates by the Greater Moncton Economic Commission.

people together. Moncton Industrial Developments Ltd (MID) began a new promotional program in the mid-1980s, that emphasized Greater Moncton both as a good place to do business and live. MID has existed since 1959, with its main charge (the Moncton Industrial Park) one of the first of its kind in Atlantic Canada. There are now two others, each with ample room for expansion. Strategic development plans were devised, with that adopted in 1994 being particularly effective. Cooperation between municipal units and economic agencies has been central to local development efforts. This has not always been smooth, but has had a sense of leadership that has put the community first. (The form of these partnerships is the central theme of this project.)

Symposium 2000 in 1989 led directly to the replacement of the old Greater Moncton Economic Development Agency (GMEDA) with the Greater Moncton Economic Commission, with a new direction, new staff, and a new board. GMEC has taken over the promotion of Greater Moncton from MID, which still retains responsibility for two industrial parks.

Perhaps the real story of the 1980s and 1990s has been the proliferation of services in the community's economic base. These not only include consumer and personal services, but also business and professional services, and notably teleservice. Greater Moncton attracted its first call centre in 1991. Since then about 20 centres have opened their doors in Moncton, employing a total of about 3000 people. They range in size from a dozen or two to 800 jobs.

2.8 CHARTING GREATER MONCTON'S ECONOMIC EVOLUTION: RECENT DATA

2.8.1 Population

About 113,500 people lived in Greater Moncton in 1996, or 15.3% of New Brunswick. This share has increased from 14.8% since 1991, indicating that Moncton's population is increasing faster than that for the province as a whole. The rate of increase between the 1991 and 1996 censuses was 5.6%, one of the few places in Atlantic Canada that matched Canada's increase of 5.7%. Nor is this an isolated surge. Greater Moncton's population since 1976 has gone up by 18.7%, more than twice the rate of New Brunswick's (8.7%, see table).

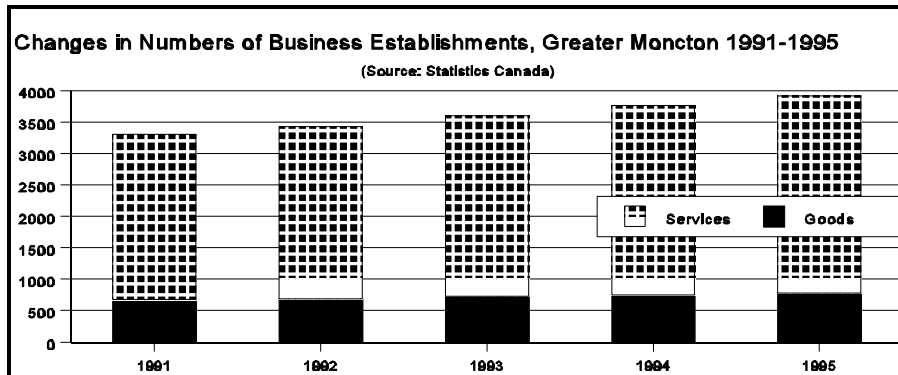
Population, Greater Moncton and its Communities, and New Brunswick

| Year | City of Moncton | Town of Dieppe | Town of Riverview | Fringe | Greater Moncton* | New Brunswick |
|---|-----------------|----------------|-------------------|--------|------------------|---------------|
| 1976 | 55,934 | 7,460 | 14,177 | 18,076 | 95,647 | 679,039 |
| 1981 | 54,743 | 8,511 | 14,907 | 20,193 | 98,354 | 696,403 |
| 1986 | 55,465 | 9,080 | 15,635 | 21,905 | 102,085 | 709,442 |
| 1991 | 56,823 | 10,650 | 16,270 | 23,693 | 107,436 | 723,900 |
| 1996 | 59,313 | 12,497 | 16,653 | 25,028 | 113,491 | 738,133 |
| % increase: | | | | | | |
| 1976-1996 | 6.0 | 67.5 | 17.5 | 38.5 | 18.7 | 8.7 |
| 1991-1996 | 4.4 | 17.3 | 2.4 | 5.6 | 5.6 | 2.0 |
| Note:* This is for the Moncton Census Agglomeration | | | | | | |
| Sources: Census of Canada | | | | | | |

Dieppe alone has increased by 17.3% since 1991, and by more than two-thirds since 1976. This is a mixture of trends. In part it is people within Greater Moncton relocating to Dieppe as the quality of housing has improved. It may also indicate an influx of Acadians to Greater Moncton; about 70% of the people who live in Dieppe claim French as their first language. The Fringes have also been growing rapidly, perhaps as people have preferred to mix a rural or small town lifestyle with an urban income. Riverview has increased its population steadily. The City of Moncton remains a dominant presence, however, accounting for more than half the people who live in Greater Moncton in 1996.

2.8.2 Business Formation

The broad make-up of Greater Moncton's economic base can best be summarized using Statistics Canada's establishment (business) counts. Net business creation increased steadily from 1991 to 1995, from a total of about 3300 to about 3900 (see chart). The upwards trend was maintained even during the recession of 1991 and 1992. Services are predominant, accounting for 80% of all business establishments and gradually increasing their share over time (they were 79.6% of establishments in 1991 and 80.2% in 1995).



Examining the details of business establishment creation reveals other trends (see table).

| Changes in Selected Sectors (Establishments) | 1991 | 1995 |
|--|-------------|-------------|
| Manufacturing | 173 | 182 |
| Construction | 459 | 498 |
| All goods production | 675 | 776 |
| Transportation and Storage | 134 | 177 |
| Communications and other utilities | 28 | 35 |
| Wholesale Trade | 383 | 407 |
| Retail Trade | 599 | 704 |
| Finance, Insurance and Real Estate | 219 | 252 |
| Business services | 236 | 342 |
| Government, education, health, and social services | 359 | 417 |
| Accommodation, food and beverage services | 205 | 261 |
| All services | 2629 | 3143 |
| All establishments | 3304 | 3919 |
| Source: Statistics Canada | | |

Most of the sectors shown in the table had increases in the numbers of establishments representing them between 1991 and 1995. The real stories, however, are in the details:

- Although the increase in total manufacturing was modest over the period, and many different industries are represented from food products to sporting goods and toys, there was a particular increase in firms manufacturing scientific and professional equipment, from six in 1991 to 11 in 1995.
- Truck transport industries went up from 93 establishments in 1991 to 137 establishments in 1995.
- Within communications, postal and courier services went from nine establishments to 18 establishments over the period.
- Within business services there have been good increases in the number of computer and related services (11 to 19); accountants and book-keepers (30 to 52); advertising services (14 to 20); legal offices (39 to 54); and management consulting (46 to 68). These are mostly sectors that are growing in terms of employment, usually command high incomes, are knowledge-based, and have the potential to become export earners.

An economic analysis conducted as background for the 1994 Strategic Plan makes a recent profile of Greater Moncton's industrial mix possible¹⁰. It noted that:

- Service sectors dominated the local labour market, particularly community, business and personal services, retail and wholesale trade, and transportation, communications and utilities. Manufacturing was 8% of the local labour force;
- Managerial, administrative and related occupations had the fastest growth from 1986 to 1991, with impressive increases also for medicine and health, primary sector occupations, teaching and education, and sales occupations.
- Education levels of the labour force were increasing, with 10.3% of the labour force with a university degree in 1991 compared with 9% in 1986, and with 14% of the labour force with less than grade 9 in 1991 compared with 17% in 1986;
- Some 777 companies were identified as forming part of Greater Moncton's economic base in 1993 (that is, they sold their output outside the Moncton market) with the fastest rate of increase in terms of employment between 1990 and 1993 in teleservice industries (by 108%), but also with good rates of increase in other service industries (+12.5%); in distribution centres (+10%), and in manufacturing (+9.1%). The biggest declines in employment were for Crown corporations (-8.8%) and in the federal government (-8.2%).
- There were impressive increases in employment in electrical and electronic manufacturing from 1990 to 1993 (+141%), in wood products (+13.2%), and in food and beverages (+8.9%). Of total manufacturing employment of 4,462 in 1993, these three sectors accounted for almost half.
- Most of the growth in manufacturing employment between 1990 and 1993 (some 244 out of 371 new jobs in total, or two-thirds) was in small firms employing less than 25 people. Only 30 new manufacturing jobs were in firms employing more than 100 people.
- Employment in distribution centres increased by 10% between 1990 and 1993. Food and related distribution was the biggest employer (1719 of 3621 jobs in total) but the biggest increase was in motor vehicle and parts distribution (by 48%).
- Head offices, regional offices, or national service centres in Greater Moncton employed almost 5,000 people in 1993, with national service centres alone (including call centres) increasing employment from essentially zero in 1990 to almost 500 in 1993.

¹⁰ Martin G Haynes Consulting Inc, Creating Tomorrow Together: An Economic Development Strategy for Greater Moncton. Prepared for the Greater Moncton Economic Commission Inc, September 1994. A predecessor report Economic Development Strategy for the Greater Moncton Area was prepared by Applied Management Consulting and published in 1991. Both were supported by ACOA and the Government of New Brunswick.

- Public service employment (including school boards, hospitals, federal and provincial governments, and Crown corporations) was over 11,000 in 1993, a substantial amount but down from the total in 1990.

Greater Moncton's economic base has become more diverse since 1990¹¹. Services have grown. Traditional manufacturing (wood and food products) has been joined by high technology electronic and computer components. Warehousing and distribution companies have been expanding their presence, in the process adding new services such as custom packaging. Teleservice companies in their many guises (customer centres, reservations centres, back-office functions such as billing and accounting) have had explosive growth.

2.8.3 Labour Force Trends

During a period of tough labour markets in the 1990s, Greater Moncton has performed well. This is best demonstrated by comparing Moncton with other urban areas in Atlantic Canada and Canada. This is done in the table (next page) for two broad sizes of urban area as defined for census purposes. CMAs are Census Metropolitan Areas, or Canada's biggest cities. There are three CMAs in Atlantic Canada, St John's, Halifax and Saint John. CAs are Census Agglomerations, or Canada's middle-size towns and cities, which include Greater Moncton, which with a population of 113,500 in 1996 is not much smaller than either the St John's or Saint John CMAs.

Four indicators are shown in the table, and all show Greater Moncton in favourable terms when compared with other urban areas in Atlantic Canada in particular, and in Canada in general:

- Total net employment in Greater Moncton went up by 3200 jobs between 1989 and 1997, or by 6.3%. This is a faster rate of increase than any other group of urban areas in Atlantic Canada, and compares well with urban areas across Canada.
- In common with the unemployment rate almost everywhere in Canada in the 1990s, that in Greater Moncton went up from 1989 to 1997, but by a smaller amount. It stood at 9.5% in 1997, 1.3 percentage points higher than in 1989.
- Participation in labour markets in Greater Moncton is as high as anywhere in Canada in 1997, and has remained almost unchanged (65% versus 65.3%) while that for other urban areas has dropped more sharply (by 3.2 points for Canadian CMAs, for example, and by 3.7 points for Canadian CAs).
- The employment rate (a broad measure of an economy's ability to employ its population of labour force age) is as high as anywhere except the biggest cities

¹¹ This development is described in Greater Moncton's Economy in the mid-1990s: The road just travelled, and the way ahead, prepared by Mandale Consulting, Chester, NS for the Greater Moncton Economic Commission, October 1996.

(Canadian CMAs) and is significantly above that for other Canadian CAs, and even exceeds that for Atlantic Canadian CMAs. Like the participation rate, the employment rate dropped less in Greater Moncton than for other urban areas across Canada.

Selected Labour Force Characteristics 1989 and 1997

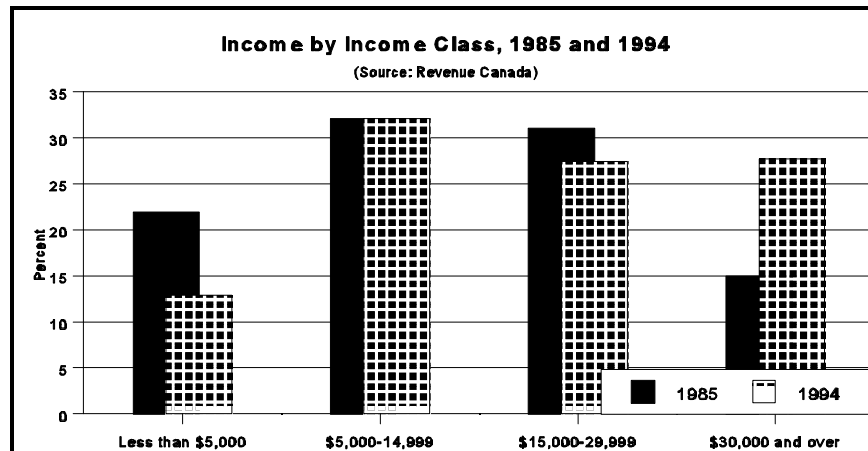
| | Greater Moncton | Atlantic CAs | Atlantic CMAs | Canada CAs | Canada CMAs |
|---------------------------|-----------------|--------------|---------------|------------|-------------|
| Employment: | | | | | |
| 1989 | 50,900 | 188,100 | 290,300 | 938,000 | 8,543,200 |
| 1997 | 54,100 | 193,700 | 306,600 | 1,009,000 | 9,094,400 |
| % change | 6.3 | 3.0 | 5.6 | 7.6 | 6.5 |
| Unemployment rate: | | | | | |
| 1989 | 8.2% | 11.6% | 8.7% | 9.1% | 6.7% |
| 1997 | 9.5% | 13.2% | 11.1% | 10.5% | 8.7% |
| % point change | 1.3 | 1.6 | 2.4 | 1.4 | 2.0 |
| Participation rate: | | | | | |
| 1989 | 65.3% | 60.4% | 67.4% | 66.6% | 69.7% |
| 1997 | 65.0% | 59.4% | 65.8% | 62.9% | 66.5% |
| % point change | -0.3 | -1.0 | -1.6 | -3.7 | -3.2 |
| Employment rate: | | | | | |
| 1989 | 59.9% | 53.4% | 61.6% | 60.5% | 65.0% |
| 1997 | 58.8% | 51.6% | 58.5% | 56.2% | 60.7% |
| % point change | -1.1 | -1.8 | -3.1 | -4.3 | -4.3 |
| Source: Statistics Canada | | | | | |

These indicators show that during the difficult labour markets of the 1990s Greater Moncton generally did better than other urban areas, even matching or exceeding the performance of much bigger cities. Even the seemingly disappointing unemployment rate increase holds a silver lining. People have been moving to Moncton to work, or have been entering or re-entering labour markets if they already lived there, at a faster rate than jobs have been created for them. This is always a sign of a robust economy, and in so far as the resulting higher unemployment is frictional in nature, it is also usually shorter term for individuals¹².

¹² Frictional unemployment is that caused by people moving between jobs. Unlike other types of unemployment (structural or seasonal, for example) governments are virtually powerless to do anything about frictional unemployment.

2.8.4 Personal incomes

Some idea of movements in personal incomes can be observed from taxation statistics issued by Revenue Canada. The most recent are for the 1994 tax year. When compared with data from the mid-1980s there are two significant developments. Firstly, the numbers of people in the lowest income groups have gone down. For the City of Moncton alone (and this is similar to trends in other jurisdictions nearby) the number of tax returns reporting less than \$5000 in income dropped from 21.9% in 1985 to 12.9% in 1994 (see chart).



Secondly, the proportion of incomes in the highest group (\$30,000 and over) has almost doubled since 1985, from 15% to 27.7%. Most incomes in Moncton remain in the mid-sized ranges, however, which have remained relatively constant as a proportion of the total over the period.

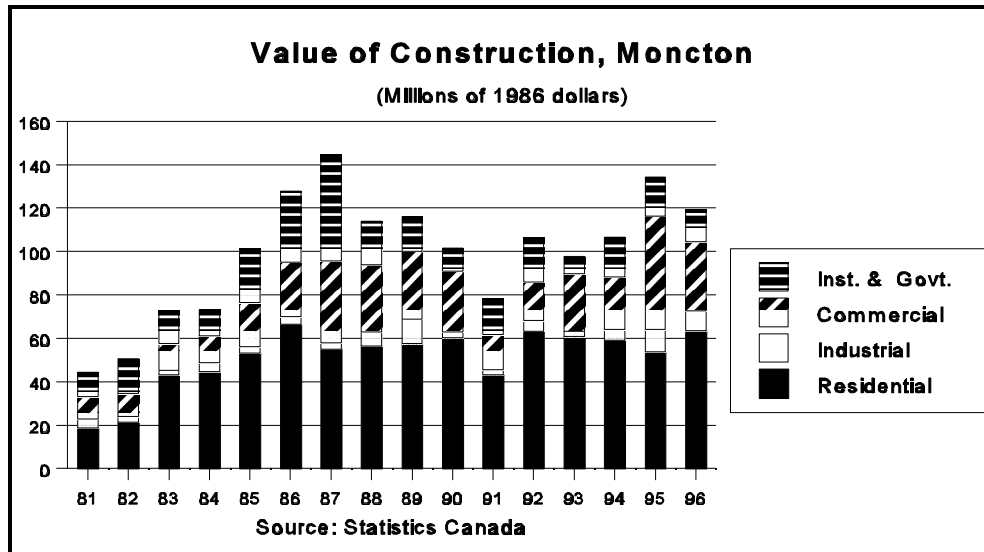
(These are broad indicators of income trends only. The income groups chosen have not been adjusted for inflation over the years. An income of \$5,000 in 1985, for example, would only be worth about \$3,800 in 1994 if adjusted by New Brunswick's Consumer Price Index. At the higher end of the size classes, an income of \$30,000 in 1994 was worth about \$39,500 in 1985, indicating some people joined the higher income class courtesy of inflation.)

2.8.5 Construction and Housing Markets

An economy's overall performance over time can also be summarized by examining its construction and real estate activity. This not only indicates the pace of business investment in building or refurbishing premises, but also reflects consumer confidence and the rate of new household formation.

The total value of construction in Greater Moncton (in constant 1986 dollar terms) increased strongly after the 1981 recession, going from \$44.5 million to a new peak of

\$144.4 million in 1987 (see chart). There was a dip for the next few years, perhaps spurred by closure of the CN Shops, and certainly prolonged by the recession in 1991-92. Value of construction in 1991 dipped to \$78.2 million, but rebounded to \$134.2 million in 1995. Moncton's share of provincial construction has increased over the years. In 1981 (by value) it was only 14.3% of New Brunswick but by 1996 it was 34.2%.



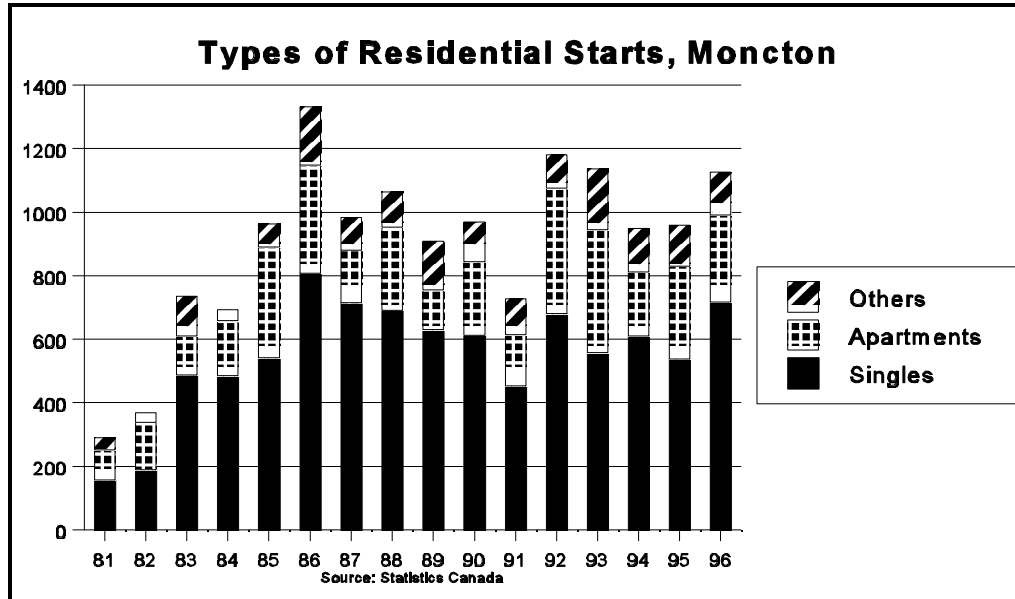
The main weight in value of construction is residential, which has ranged from about 40% to about 60% of all construction between 1981 and 1996. It follows from this that variations in house-building largely explain fluctuations in all building. Residential construction as a proportion of the New Brunswick total increased from one-fifth in 1981 to about one-third in 1996.

Commercial construction (offices, shops, and so on) has also been an important part of the total, and has tended to increase its share over the years. In 1995, indeed, commercial and residential were virtually neck and neck for first place as a share of the total. Moncton's share of the provincial commercial construction value was less than 10% in 1981 but had increased to an impressive 46% in 1995. Increases in commercial building fit well with Moncton's transition from an old heavy industry town in the early 1980s to a newer, service-oriented centre in the 1990s.

Institutional and governmental building was proportionally more important in the early and mid-1980s than it is now. In 1987, indeed, it was one-third of all construction. In 1996 it was a much more modest 12.2% after several years of fiscal restraint at federal and provincial levels. Industrial building has never exceeded 10% of the total value of construction.

Single family dwellings have always been the most important part of residential building, whether in New Brunswick or in Moncton. In the 16 years from 1981 to 1996 the number

of single-family housing starts has ranged from a low of 156 (in 1981) to a high of 808 (in 1986). Starts since the 1991 recession have been in the 500 to 700 range each year. Starts of singles in Moncton have increased from less than one-fifth of New Brunswick in the early 1980s to more than one-third in 1996.



The other important form of residential building is apartments. (Apartment housing starts can vary a lot from year to year because of the “lumpiness” of apartment complexes that can range in size from a dozen or so units to 100 or more in a single development.) There was a mini-boom in apartment building in 1985 and 1986, when a total of 688 units were started. The 1990s have also been hot for apartment building, particularly since the recession. Apartment dwelling is often the first form of independent living for young people, or the first choice for newly-arrived people in a community.

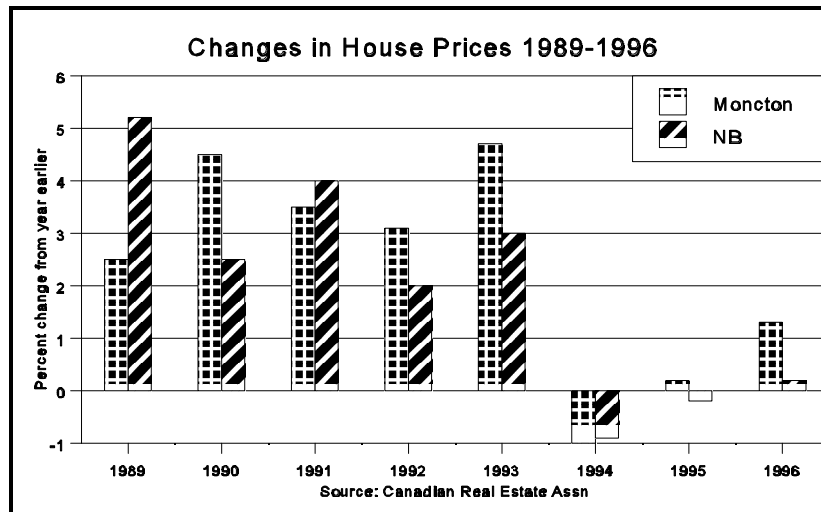
Apartment starts are a good indication of new household formation as people find jobs, and gain new incomes. The rate of new household formation in the 1990s has been faster in Greater Moncton than for New Brunswick as a whole, particularly in Dieppe and the fringe areas of the census agglomeration (see table). Moncton’s share of provincial apartment building exceeded one-half for each year in the 1990s (except 1991), and was as high as 75% in 1995.

Numbers of Households, Greater Moncton and New Brunswick

| | City of Moncton | Town of Dieppe | Town of Riverview | Fringe | Greater Moncton | New Brunswick |
|----------|-----------------|----------------|-------------------|--------|-----------------|---------------|
| 1991 | 22265 | 3505 | 5455 | 7510 | 38735 | 253710 |
| 1996 | 24081 | 4459 | 5813 | 8597 | 42950 | 272915 |
| % change | 8.2 | 27.2 | 6.6 | 14.5 | 10.9 | 7.6 |

Source: Census of Canada

Finally, the price of housing in Moncton has remained slightly below provincial averages, meaning housing is both affordable and in adequate supply. Good rates of building in the late 1980s and 1990s helped keep prices down while population and households were increasing. House prices have been gradually closing on provincial averages, however, a sign that for the past few years Moncton's housing market has generally been better than for the province as a whole (see chart).



2.9 SUMMARY AND CONCLUSIONS

Is Greater Moncton's economic history more or less chequered than that of other communities? While admitting it has had its share of ups and downs, the community has always fought back. Its long history as a railway centre (more than 100 years) probably bred a degree of complacency that has posed more of a challenge in the late twentieth century, when finally rail jobs began leaving in droves. It also contributed to an unfortunate image as a heavy manufacturing town, although this was gradually being overcome by the rise of post-secondary educational institutions and the domination of services when the CN Shops closed.

As a new century approaches Moncton has seized on its advantages (location within Atlantic Canada, a bilingual culture, ample and relatively cheap industrial and commercial space, and access to an almost unrivalled telecommunications infrastructure) to develop new industries, with jobs more attuned to the realities of the information age, usually equally accessible to males and females, and demanding better education and training. The community is gradually shedding its image as a company town, and taking on the aspect of a knowledge-based centre.

Manufacturing has always figured in Greater Moncton's economic base. The events of the 1980s (and before and since) have resulted in an encouraging diversification of the community's manufacturing base that now encompasses forest products, food products, small appliances, and computer and other technology products. This is supplemented by new types of services, especially teleservice.

Economic indicators generally indicate positive progress in terms of labour markets, construction, and personal incomes. Whether this can be sustained in the future remains a constant challenge. This project will investigate how the community has met this challenge. Notably, the project will examine the partnerships that have been formed in Greater Moncton around various projects and initiatives, which partners have been involved, what the process of the partnership has been, and who the partnership has benefited.

SECTION 3: CASE STUDIES OF PARTNERSHIPS IN GREATER MONCTON'S ECONOMIC DEVELOPMENT

Three particular case studies were identified to demonstrate not only how partnerships have worked, but also how successful they have been. The case studies were investigated by a series of interviews with people involved in the partnerships, supplemented by information gained during the survey of private companies. The case studies are:

- **How call centres came to Greater Moncton**
- **The role of the Université de Moncton in Greater Moncton's economic development**
- **How the Moncton airport was transferred from federal control to local management**

The first and third of these are focused on specific projects, albeit with different scopes. The second (UdeM) is really a complex of several different partnerships. All demonstrate how partnerships evolve and change over time, as the original goals or priorities change.

Each partnership is evaluated after it has been described. This is done by firstly identifying whether the project discussed has met the identified needs (goals, challenges) facing the community. Needs can also be specific to the partnership. Secondly, it is done in terms of outcomes, assessing for example whether the partnership has added employment, has diversified the local economy, has added to the technological or innovative capacity of the community, has contributed human resource development, or has expanded markets. At the conclusion of this section there is an evaluation of partnerships as a whole, including whether the economic development process is becoming locally self-sustaining, and whether Greater Moncton's example can be applied to other communities in Atlantic Canada.

3.1 BACKGROUND: GREATER MONCTON'S STRATEGIC PLANS

Several events in Greater Moncton's recent past have contributed significantly to the community's drive to re-invent its economic base. They resulted in the community writing and adopting strategic plans in 1991 and 1994, with stated visions and goals, and implementation structures. Understanding how this was done is an important backdrop to Greater Moncton's current position. The milestones of the process were:

Symposium 2000 (1989): This was convened in the aftermath of the CN Shops closure. It convinced people in Greater Moncton that they could re-invent their community. The timing of the Symposium was good, as a new provincial government in Fredericton was beginning to push New Brunswick in different directions, including some that were much more technology-based.

Formation of the Greater Moncton Economic Commission (1990): GMEC emerged directly from Symposium 2000, and rapidly became *the* lead economic development agency for Greater Moncton. All of the other items in this chronology have been initiated by GMEC, and it has been an active participant in most of the other partnerships outlined in this report. (A profile of GMEC follows this chronology.)

Greater Moncton's first strategic economic plan (March, 1991) was commissioned by GMEC and also resulted directly from Symposium 2000¹³. It identified projects and strategic directions for the next five years, as well as which partners and agencies in Greater Moncton would be responsible for implementation of the plan. A goal for the community's development was:

[T]o increase jobs in the economic base of the Greater Moncton area through the cooperative participation and leadership of the key agencies in economic development in the region, while continuing to protect and enhance the quality of life of the Community.

Strategic themes to support this goal were to build on the existing economic base; to diversify the economic base; and to improve the climate for business. Among the specific elements of the strategy were business counselling, promotion, strategies for the food and tourism-retail sectors, and downtown and waterfront development. In the context of the case studies examined below, there was specific mention of "telemarketing" and air transportation, and the university figured in several places.

A target was to create 1800 jobs in Greater Moncton by 1995, a target that was, in fact, reached by 1993. Another was to establish the Economic Centre, a single building to house GMEC, GMCC, MID, DIP, EDT, and other locally-based development agencies. The plan recognized the importance of partnerships in community development, including those between economic development agencies, between communities in Greater Moncton, between the public and private sectors, between the University and industry, and among industries themselves.

Creating Tomorrow Together (September 1994): This was an update of the 1991 plan. It recognized that the job goals of the 1991 plan had been met before their deadlines, but that this had not always been achieved in expected ways. Notably, call centres had become a major source of new jobs, exceeding expectations in the 1991 plan (see the case study below). It can be said that the 1991 plan tended to drive the community, but the 1994 plan was an attempt to let the community drive the plan, building on better knowledge and experience gained by implementation of the first plan.

¹³ Applied Management Consultants, Economic Development Strategy for the Greater Moncton Area, prepared for GMEC with support from the Canada-New Brunswick Industrial Development Subsidiary Agreement, March 1991.

Instead of a conference like Symposium 2000, the 1994 plan came after a period of extensive public consultation that lasted almost a year¹⁴. The plan aimed at 2000 more jobs by 1998 (by mid-1996 about 2500 jobs had come to Moncton), and contained 16 recommendations for action. It was notable for the way it mobilized an extensive series of committees and sub-committees both to formulate the plan, and to implement its recommendations. It is worth outlining some further details of this plan to demonstrate the dynamics of its preparation.

The goal in *Creating Tomorrow Together* was to help redirect and refocus economic development efforts in Greater Moncton for the following five years. The strategic priorities were repeated from the 1991 plan: To build on the existing economic base; to diversify the economic base; and to improve the climate for business in Greater Moncton.

To develop the strategy, GMEC invited, through mail-outs and the local media, all interested parties to participate in updating the 1991 plan. The response was overwhelming. An unstructured partnership was formed, including organizations and individuals that were committed to social and economic progress in Greater Moncton.

The partnership included GMEC (the leading partner), the provincial government, the federal government, the three municipalities, GMCC, le Conseil économique du Nouveau-Brunswick, the industrial parks, UdeM, the Community College campuses, the Moncton Hospital, the Hôpital Georges Dumont, and a number of private sector firms and interested individuals.

The objective of the partnership was to develop a community-driven five-year development strategy. The planning process included public submissions, interviews and focus groups, sector working groups, documentation review, data research and analysis. A vision was adopted that emphasized Greater Moncton as a caring community, known for its excellence, the diversity of its economy, and the harmony of its cultures.

Sector Working Groups focused on ten key segments of the economy:

- Human Resource Development;
- Tourism;
- Knowledge-Based Industry;
- Retail and Wholesale;
- Environmental Industries;
- Transportation and Distribution;
- Teleservice Cluster;
- Service and Government;

¹⁴ Martin G Haynes Consulting, *Creating Tomorrow Together: An Economic Development Strategy for Greater Moncton* prepared for GMEC with the support of the Atlantic Canada Opportunities Agency, the Province of New Brunswick, Human Resources Development Canada, and Blue Cross of Atlantic Canada, September 1994.

- Quality of Life;
- Manufacturing, Processing and Construction

The outcome of this was a Plan of Action for Greater Moncton, with integrated strategies in the following areas:

- Clusters and Business Networks for Economic Development;
- Human Resource Development;
- Quality of Life;
- Community Infrastructure;
- Marketing and promotion;
- Entrepreneurship Development; and
- Total Quality Community.

Sixteen initiatives were identified and recommended for action. Partnerships were established for each initiative, and primary partners and support partners were identified. In total, about 30 partners were identified to implement the sixteen initiatives. For each initiative, the leading (primary) partners had to develop an implementation plan with clear, measurable goals and objectives to be achieved over a five-year period.

Vision 2020 (January 1998): If Symposium 2000 charted a course from the rough waters of the 1980s, Vision 2020 has begun to extend the planning horizon well into the new century. It was in part a self-celebration, although tinged with the realization that community development never stops. Vision 2020 also emphasized plan preparation for the entire southeastern region, not just Greater Moncton.

Vision 2020's workshops resulted in the identification of 13 new projects, each with a signed-up committee, on such things as a regional tourism strategy, infrastructure developments, airport developments, "Moncton the Beautiful", Heart and Soul (The River), health industries, research and development, the Science Park, manufacturing, "Digital Moncton", Electronic Commerce, and the 1999 Francophone Summit and Linguistic Harmony. As this report was written (in February 1998) the committees for most of these have already begun meetings as the first part of implementation.

These have been the principal vehicles for Greater Moncton's planning process, involving most if not all of the partners identified as contributing to recent economic development. They demonstrate several things. Firstly, there was the need to chart a way out of the 1980s, notably to replace the jobs lost when the CN Shops closed, and to diversify the local economic base. Secondly, they re-assessed Greater Moncton's advantages, like its bicultural population, its tradition of entrepreneurialism, its industrial strengths, its location, and how these all could be used to bring new business to the community. Thirdly, they emphasized the value of cooperation and partnerships at several levels. Fourthly, they formed the Greater Moncton Economic Commission, that has become the

acknowledged lead partner in many initiatives since 1990. Last but not least, they mobilized volunteers, by one estimate as many as 400 or 500 at any one time, to put plans into action, and to work for the greater good of their community.

3.2 THE GREATER MONCTON ECONOMIC COMMISSION: A BRIEF PROFILE

Of all of the partner agencies and bodies mentioned in this report, the Greater Moncton Economic Commission's name will recur most frequently. It is the coordinating agency for many economic initiatives in Greater Moncton, whether directing businesses towards sources of assistance, helping them prepare plans, organizing strategic planning conferences, or persuading companies to locate in the community. GMEC itself does not give out financial assistance, but it acts more as a coordinator for other grant- and loan-giving bodies (mostly federal and provincial), and also undertakes promotion on behalf of the community including its industrial parks.

GMEC was formed in late 1990, emerging from the Greater Moncton Economic Development Authority (GMEDA). GMEDA had mostly existed as a flow-through mechanism to channel funds towards the agencies that ran industrial parks in Moncton and Dieppe. At first GMEC had no development staff, but now has eight people on payroll including five development officers.

The Commission had a budget of about \$930,000 in 1996, up from \$805,000 in 1995. About 40% of its funding comes from the three municipalities in proportion to their size, and another 28% from a federal-provincial funding agreement. The balance (\$290,600, or 32% of the total) comes from a variety of sources, including the Moncton Response Group. GMEC in one sense is not unique, in that it is one of a dozen or so locally-based development agencies that cover New Brunswick.

There is a board of 27 people, including the three Mayors, the President of GMEC, and the General Managers of MID and DIP. Board members are mostly drawn from the local business community. There is no difficulty finding new board members, with overtures usually coming from the community itself. The Board meets six times a year, with an executive committee meeting once a month.

GMEC's Board is one of its strengths. Another is a committed professional staff. A third is the room given by funding agencies to allow GMEC to do its work. A major weakness is lack of a longer-term commitment to GMEC from its funding agencies, however. The commission must justify its existence on a year by year basis, by developing a new budget with an attached Work Plan.

GMEC involves itself in several critical areas, including business development, communications, and strategic plan implementation. It is also an active partner in many other community-related initiatives. The communications portion of its mandate includes

marketing on behalf of both the community and its industrial parks. It arranges conferences, workshops, seminars, and other meetings, as well as responding to requests for information from prospective investors. It coordinates the work of committees and sub-committees set up to implement the strategic plan. It monitors the strategic plan's progress, and initiates periodic renewals or updates every few years.

3.3 CASE STUDY 1: CALL CENTRES

Greater Moncton landed its first call centre in the early 1990s. Throughout New Brunswick in 1998 there are between 50 and 60 call centres employing between 6000 and 7000 people. About half these jobs are in Greater Moncton.

Although call centres have blossomed in the 1990s, they have been around for a lot longer. AT&T introduced its 1-800 toll-free dialling service in the late 1960s, and the first call centres (usually hotel reservation services) were set up shortly afterwards. But it is only in the 1990s that the concept of "teleservice" has become widespread not only in North America, but also in Europe and (increasingly) Japan. (As call centres have matured, so the range of their service has widened considerably. This means that name "call centre" is generic, but misleading. Many, if not most, business and consumer functions are amenable to service over telephone lines, reflecting the integration of good telecommunications into most aspects of the working and personal lives of North Americans. "Teleservice" is more appropriate, and is used interchangeably with call centres in this report.)

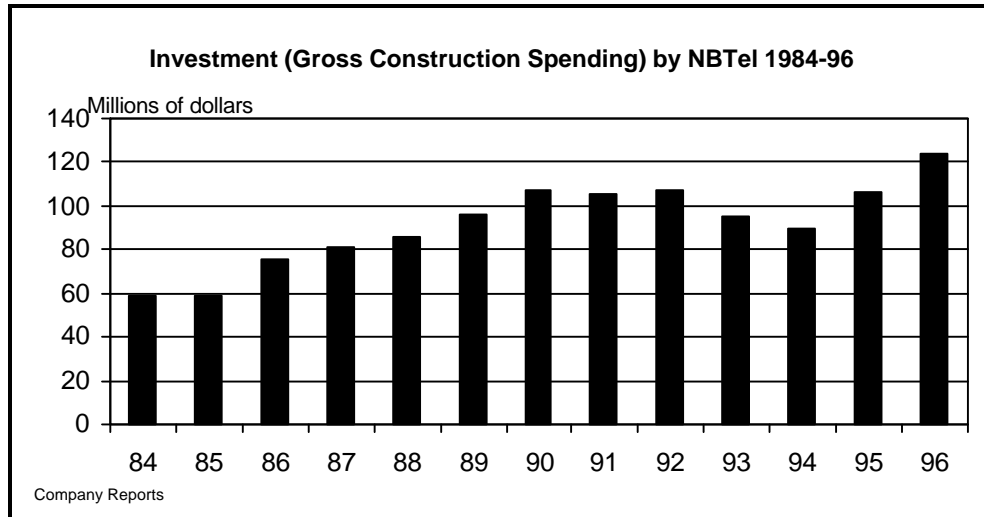
Call centre development in New Brunswick took place at two levels. The first stage was a provincial decision to attract new telecommunications-related investment and jobs to New Brunswick. The second stage is the effort of communities like Greater Moncton to persuade companies that they offer more advantages than other places in New Brunswick, and to put mechanisms into place to help maintain that advantage.

3.3.1 Role of the Province and NBTel

Public and private utilities have often been partners with governments in promoting development, and in many parts of North America energy utilities (electricity and gas) still play a key role in attracting new companies and fostering new investments. In this sense, New Brunswick's use of its telephone system to attract new business is not unusual. What is rather unusual is that it came from one of Canada's smallest jurisdictions, not well known in North America.

This initially required a two-way alliance involving the provincial government and NBTel. (A third, less active partner at this provincial level was Northern Telecom, with its Meridian call centre technology that allows customer service representatives both to talk to customers while displaying key information on computer monitors.)

A critical component underpinning the call centre campaign was NBTel's massive and far-sighted investment in the most modern telecommunications technology and equipment. Beginning in the early 1980s, NBTel's capital spending began to go up (see chart below). Annual gross construction spending almost doubled from 1984 to 1990 (from \$59 million to \$106 million) and has remained at or close to \$100 million each year in the 1990s. This made it the first telephone company in North America to put full digital service into every home and business in its jurisdiction, a goal it achieved in 1993. People and businesses responded in kind; the company logged 229 million long-distance conversation minutes in 1986, but more than three times this number (731 million minutes) in 1996.



The company also anticipated the impact of deregulation in long-distance markets in North America, and began to prepare early to control costs, raise productivity, and maintain worker morale. One measure of its success in this regard is that, even though NBTel has fewer workers in the mid-1990s than in 1990, this has not come through layoffs, which have been common at other phone companies in Canada.

Investment in new technology was only one part of the story. Another was a commitment by NBTel to emphasize customer service. A “Customer First” policy was adopted, that included such things as customers setting the date and time of service installation, and a 7/24 policy that meant service was available at any time of day year-round. The company has built a reputation for high quality service. Several call centre managers interviewed during this project were unreserved in their praise, to the extent that service levels (and customer testimonials to this effect) have become important factors in attracting new companies. NBTel has at least one technician permanently attached to each major teleservice centre.

In early 1990, a former NBTel employee now working for the Department of Economic Development and Tourism (EDT) arranged a meeting between the two bodies, feeling there was opportunity in “telemarketing”. New Brunswick was subsequently benchmarked

against other jurisdictions in North America, and the results came out well for 1-800 service especially. A partnership was formed, and was formalized as the Call Centre Development Team, with personnel and resources from both the province and NBTel. This is still operating with a staff of about 10 people, up from three at the start, who keep close tabs on teleservice development, prepare profiles of prospective targets, and monitor New Brunswick's locational assets.

A promotional campaign began, that both emphasized the state-of-the-art technology available in New Brunswick, and an array of other locational advantages, like a loyal, intelligent, bilingual workforce; cheaper costs of living; lower costs of doing business; a responsive post-secondary education system that could set up new training programs rapidly; and a desirable quality of life in New Brunswick. There were also the added incentives of no sales tax on 1-800 calls, and financial assistance to companies to set up shop.

3.3.2 Greater Moncton's Response

The province's teleservice promotion was not limited specifically to Greater Moncton, but for a variety of reasons this community was one of the first to adopt the provincial campaign, and it has benefited from this early start. Symposium 2000 was held at about the same time that the teleservice promotion was beginning. GMEC was in place with a strong mandate as the lead development coordinator for the community. Greater Moncton had a significantly greater number of bilingual people than other major centres. It had ample commercial office space ready for occupation. It was also one of the first communities to realize that new industries like teleservice could offer an alternative to the old industries it had so recently lost.

Perhaps also Greater Moncton needed new industries more. Of New Brunswick's three biggest cities, Saint John had a frigate-building contract for the Canadian Navy that would see it into the mid-1990s, and Fredericton was the seat of the provincial government, which imparted a degree of stability to the local economy. If the province was to begin to change the attitudes of New Brunswickers, then Moncton would be a good place to begin. Symposium 2000 had demonstrated that the community was willing to face the challenge of the future, and that the business community was responding to, and supported, change. Representatives from new companies were unfailingly impressed in their visits to Greater Moncton by the enthusiasm of the business people who gathered to welcome them. If Greater Moncton could embrace change, it was thought, this would spill over to other places.

3.3.3 Development of Teleservice in Greater Moncton

The actual task of landing the first call centres was difficult. Companies had to be persuaded to amalgamate significant parts of their operations (both functions and

dispersed operating centres), and relocate them to Greater Moncton. But gradually the ball began to roll. The role of Premier McKenna was critical, as he represented direct access to the most senior levels of management in the companies being targeted.

Greater Moncton realized how important teleservice could be as a job creator some time after the first centres were opened in 1991 and 1992. In the 1991 strategic plan, teleservice is mentioned, but only just. Still characterized as “telemarketing”, it “... is seen as an area which offers good potential for the future¹⁵.” But apart from noting the presence of CP Express and CAMCO (the first two companies to locate call centres in Greater Moncton), and that GMEC should focus more on teleservice in collaboration with the Province, not much strategic information was articulated at that time.

The two campuses of the New Brunswick Community College (one French-speaking in Dieppe, the other English-speaking in Moncton) mobilized rapidly to the challenge of providing training programs for the new companies. At first these were customized to individual firms, to supplement on-the-job training. Then new core programs began to emerge. A 40-week teleservice program was designed and took in its first students in September 1993. In part this was based on existing business technology programs, that also offered options in marketing and customer service. Over time it has been refined by adding the geography of teleservice (based on a tourist agent program) and communications skills (based on a radio broadcasting program). The Moncton campus also added a program on call centre administration and management. The Dieppe campus has also offered its teleservice programs in French to distant locations using audio-graphics technology, including Dalhousie and Saint John within New Brunswick, and to Acadian centres in Prince Edward Island and Cape Breton.

The Moncton campus had anticipated industry needs significantly. In 1989 it began a five-month program for general clerks/telemarketers, the first of its kind to be offered in Canada. Representatives from both campuses began attending conferences to assess the needs of teleservice companies, including Tele-Solutions East in Saint John in 1992.

The strategic plan of 1994 is much more concerned with expanding teleservice. It is one of six “clusters” or business networks identified in the plan, which should have a mandate to include:

- establishing Greater Moncton as the preferred location for call centres;
- increasing the awareness of the nature and the scope of the sector; and
- having governments recognize the advantages of the cluster in assisting companies in location decisions.

¹⁵ Applied Management Consulting, *op cit.* p61.

The strategy specifically recommended a Task Force to explore and design a teleservice industry disaster recovery centre for Greater Moncton, in the event that one or more call centres was disabled by an unforeseen event. Other issues considered by the working group charged with exploring teleservice included workforce development, advanced technology support, and promotion of teleservice¹⁶.

Both the community and the Province began to improve the sophistication of their promotions, and the degree of their preparation. There was a perception in 1994 and 1995, for example, that Greater Moncton was already running out of qualified labour for teleservice. GMEC's Teleservice Labour Force Development Committee (co-chaired by representatives from the two Community College campuses) obtained funds from the Moncton Response Group to create a database of qualified labour. This was accomplished by sponsoring a teleservice job fair in 1996. Some 800 potential employees attended, and a 400-strong database of pre-qualified workers was assembled¹⁷. This means a new company has an instant reference list to begin recruiting. The list is kept up to date with the assistance of Community College campuses.

In response to the 1994 recommendation, NBTel has equipped a 150-station Disaster Recovery Centre, that could enable a company faced with unforeseen closure to have 50 stations operational within half-an-hour to maintain its services, with the remaining 100 stations operational within 24 hours. The private sector has realized the special demands of teleservice, as well. Local architects and builders, for example, have specialized in the design and construction of call centres.

Costs are constantly monitored relative to competing locations. A series of studies by the Boyd Company of Princeton NJ has consistently shown that New Brunswick has significant operating cost advantages over anywhere else in North America (see chart on next page). These studies have received wide circulation. GMEC and its sub-committees keep in touch with teleservice companies in Greater Moncton, to gauge their needs and to begin to respond to them. NBTel brings all its teleservice customers together once a year to discuss ideas and developments.

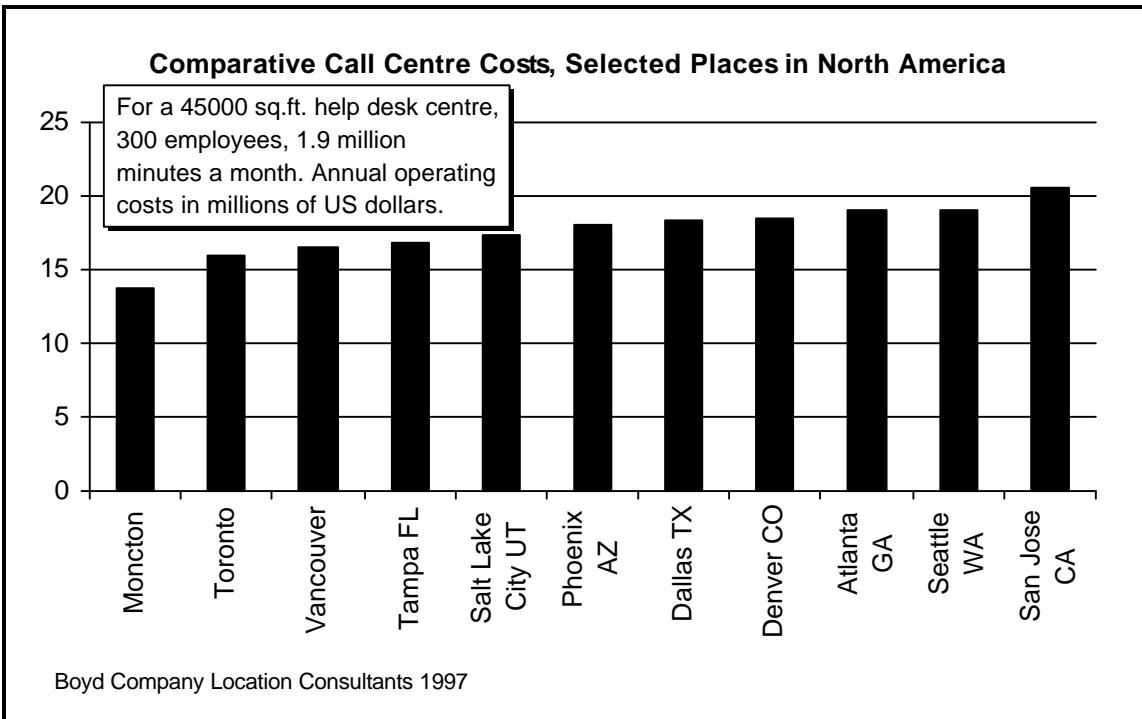
In a survey in 1996, GMEC's Teleservice Labour Force Development Committee surveyed 13 of the teleservice firms then operating there. It asked questions about the adequacy of Greater Moncton's labour supply for teleservice, and the difficulties or ease of hiring suitable workers. Principal findings of the survey were:

1. The most desirable qualifications sought by teleservice firms were high school education, customer service experience, and keyboard skills. Bilingualism is

¹⁶ Martin G. Haynes Consulting Inc, *op cit* p39 and Appendix I.5.

¹⁷ GMEC, *Annual Reports 1995 and 1996*.

desirable, and is required by one-third of respondents. Some respondents also mentioned post-secondary qualifications as a pre-requisite. Actual teleservice position skills training is usually provided by the company after hiring.



2. The majority of respondents to the survey had little difficulty hiring help in Greater Moncton. Of those who had some difficulty, enough people still applied to enable them to staff positions.
3. Most of the respondents said they still receive new applications for work on a weekly basis, even after being in operation for some time.
4. There was a wide range in the ratio between the number of people actually applying for a job, and the actual number hired. Of the 12 responses to this question, six hired one person for every 21-40 who applied, two hired one person for every 15 to 20 persons that applied, and four hired one person for fewer than 15 people who applied. (This ratio indicates roughly the degree of skill required by an employer. The more people that apply for every person hired, the higher the skills that are demanded.)

As time has gone by, the sophistication and maturity of teleservice in Greater Moncton has grown. Companies have also underestimated consumer response to doing business on the phone. Most of the companies that have opened teleservice centres in Greater Moncton have expanded beyond their original plans. When the Royal Bank of Canada announced its Royal Direct Centre in 1994, for example, it initially planned 500 jobs by 1998. Some 600 people worked there in 1996 as customer response to the new service far outstripped

projections. Target staffing levels have been increased to 800 by 1998. Purolator Courier reached its target of 400 staff in 1995 (it announced its super-centre in 1992), and currently employs over 500 people.

Is there a teleservice “cluster” in Greater Moncton? (The phrase “cluster” denotes companies and other institutions developing a mutually reinforcing set of relationships that promotes development, efficiencies and competitiveness. Clusters involve close relationships between buyers and sellers, competitors and collaborators, and with a variety of support services like universities, financial institutions, governments, and industry associations.) For a teleservice cluster to develop in Greater Moncton would require close collaboration between different call centres, between call centres and NBTel, between call centres and agencies of the federal, provincial and municipal governments, and between call centres and universities, colleges, banks, and other institutions. Most of these can be demonstrated, indicating that a teleservice cluster is emerging in Greater Moncton. But to confirm and describe this properly would require research beyond that which went into this report.

The maturity of teleservice also comes through in its increasing diversity. The first call centres were essentially corporate customer-response offices. Now more and more there are service bureaus, whose function is to provide service to companies on demand, that do not provide teleservice themselves. The diversity of teleservice is also complementing other activities of companies in Greater Moncton. Both Purolator and Federal Express now have important package-handling warehouses at Moncton Airport in addition to their teleservice centres, indicating developing linkages between teleservice and other services. Customer response services have now been joined by market research companies, telemarketers, technical response services, telebanking, and (in one ground-breaking case) “telehealth” services.

The maturity of the teleservice industry in Greater Moncton also comes through in other ways. One unfortunate example is the demise of Interlink Freight Systems, which (as CP Express and Transport) was one of the first companies to consolidate national customer and accounting operations at a centre in Greater Moncton (in 1991). Interlink went into receivership in mid-1997. About 175 people in Greater Moncton lost their jobs as a result, including those at the company’s call centre.

Teleservice industries have also attracted the attention of sceptics, who have claimed that the work they provide is, at the same time, highly stressful and low-paying. Stress is a feature of teleservice jobs wherever they are, and usually results in high worker turnover. This has not so far happened at teleservice centres in New Brunswick, which have a much lower rate of worker turnover than in other parts of North America. EDT estimates a turnover rate of 4-5% in its inbound teleservice centres (those set up to respond to incoming calls, in contrast to “outbound” centres like telemarketing or surveying) compared with an estimated 17% for all of Canada.

The stress issue, and others, has helped draw the attention of union organizers, who see an opportunity to expand their own operations. Any serious efforts to unionize must have regard for one fact: Teleservice as an industry is footloose and could easily move centres to locations where unions are less of a factor.

The issue of pay is less clear, mainly because call centres are so varied. It is true that some call centre jobs command salaries that rarely exceed \$25,000 a year. Others, however, pay much better, depending on the technical and professional skills that service representatives possess, and the nature of the customer service. Actual pay levels do not vary from call centre to call centre, therefore, but from skill to skill. This makes teleservice no different from any other industry, where higher skills command better pay. As the nature of the industry expands, as well, with more and more advanced applications, so the skills required will move far beyond a proven capability to talk on the telephone. In Greater Moncton right now, teleservice employs trained health, financial service, and software professionals. These complement the systems analysts and software engineers employed to maintain advanced equipment.

A general characterization of teleservice pay has three tiers:

1. Telemarketing, polling, and survey centres pay the least, usually not more than \$7 - 8 an hour, employ many more part-time workers, and have higher rates of turnover.
2. A middle tier of centres includes billing centres, hotel reservations centres and so on, which employ a larger proportion of full-time staff, offer some opportunities for career advancement, and pay \$9-11 an hour.
3. A top tier includes many customer response centres that demand specialized knowledge of products and services, offer much more training, pay \$11-18 an hour, and there is ample opportunity for career advancement into other parts of the company running the centre.

As a sign of Greater Moncton's maturity in teleservice, it includes representatives of all three of these tiers. The average salary in teleservice probably falls close to the average for all service industries in the province (about \$23,000 a year), although the range is probably from less than \$17,000 to more than \$30,000.

Whatever the wage levels, it is true that teleservice offers employment more in tune with the technology levels of the 1990s, that offers an entree into other technological skills, that is equally open to men and women, and that is safer than many of the resource-based and manufacturing jobs that characterize other parts of New Brunswick's economy.

3.3.4 Assessment of the Call Centre Partnership

The principal partners in the Greater Moncton call centre promotion are at two stages. The provincial promotion (which was not specifically targeted at Greater Moncton) involved EDT and NBTel, with Northern Telecom on the sidelines. The community partnership concerned mainly GMEC, NBTel, and the two campuses of the Community College, with EDT playing a smaller role at this level.

There is little doubt that targeting teleservice has been a success not only for Greater Moncton but for many other communities in New Brunswick. The key elements of this success in Greater Moncton are:

1. A timely choice by the province to target teleservice as a vehicle for economic development.
2. NBTel's investment in leading-edge telecommunications equipment and systems.
3. A strong partnership and promotion by the province and NBTel to attract new teleservice companies, coordinated and planned through the Call Centre Development Team, and with an important role from Premier McKenna in opening doors.
4. Swift acceptance of, and enthusiasm for, teleservice as a viable new industry on the part of Greater Moncton's business community.
5. Greater Moncton's advantages in areas of cost of operations and bilingualism.
6. The Community College's rapid response in providing new training programs.
7. Greater Moncton's (and specifically GMEC's) efforts in assembling a generic package of information for prospective new companies, in creating a database of prospective employees, and for exploring new avenues for teleservice.
8. The role of existing call centres in providing testimonials to prospective companies considering Greater Moncton as a location.

3.3.5 Identified Needs and Outcomes

The identified needs behind the teleservice initiative can be broad (not confined to teleservice itself) or narrow (those that arose when teleservice began to locate in Greater Moncton). Broad needs were summed up in a goal in the 1991 strategic plan (see above) that embodied several things - to increase employment levels, to increase the levels of cooperation (partnerships) in the community, to mobilize the key economic development agencies, and to increase quality of life. This goal was broadened in the 1994 strategic plan's vision for the future, with its emphasis on Greater Moncton as a caring community known for excellence, committed to diversifying its economy, and proud of its cultural harmony as a social and economic asset. The details of this vision include enhancing the potential of individual citizens, respect for the environment, excellence in technology and service, and Greater Moncton's cultural diversity.

Teleservice contributed to these broad goals significantly, as a list of outcomes shows:

- It has added more than 3000 new direct jobs to the economic base;
- It has diversified the economic base by introducing a new industry to Greater Moncton, and by adding new teleservice functions as time has passed;
- It is further adding to the diversity in the economic base by encouraging companies to add other functions to teleservice in Greater Moncton (like courier services at the airport), and by prompting local service companies (like architects and builders) to specialize in call centre business;
- The jobs demand new skills to deal with modern telecommunications and computer technology, and with customers from a wide market area;
- Call centres were attracted by a partnership that involved local development agencies, the community college campuses, the provincial government, and NBTel;
- Call centres, being service-based and demanding sophisticated skills, contribute to the quality of life in Greater Moncton and do not threaten the local environment;
- Markets and trade were enhanced by teleservice in so far as new companies located in Greater Moncton servicing markets outside the community, and companies that were already located were encouraged to set up teleservice centres.

Specific needs included such things as office space and (more importantly) an assured supply of suitably trained and loyal workers. The partnership responded to these needs. NBTel also assured high-quality service including the provision of a disaster recovery centre.

3.4 CASE STUDY 2: UNIVERSITÉ DE MONCTON

The Université de Moncton (UdeM) provides a constant thread through the development of Greater Moncton since the 1970s. It is a relatively new institution, incorporated in 1963 and with campuses in Moncton, Edmundston and Shippagan¹⁸. From very modest beginnings, it has grown in size. Student enrollment in 1963 was less than 1,000 and the number of graduates in 1964 was about 200. In 1997, it was the third largest university in Atlantic Canada (after Dalhousie University and UNB). Total enrollment at the three campuses exceeded 5,000 and the graduating class of 1997 was more than 1,000.

It offers a range of undergraduate courses in all faculties considered essential to an undergraduate institution: arts, natural sciences, education, social sciences, business administration, and public administration. In addition, it offers a degree in nursing, including mental health and psychiatry, and a diploma in pre-medical sciences (although there is no medical school). It also offers specialized training in fishery management and

¹⁸ This section draws on Benjamin Higgins and Maurice Beaudin, Impact of the Université de Moncton on the Regions of Moncton, Edmundston and Shippagan, the Canadian Institute for Research on Regional Development, Université de Moncton, 1988, Part 1.

forestry. It has added a school of engineering which offers degrees in civil, industrial, mechanical and electrical engineering, the latter since the fall of 1997. The law school was added in 1977. Although the emphasis is on undergraduate studies, the university offers graduate degrees in public administration, business administration, arts, natural sciences and engineering, education and social sciences.

Since 1963, about 30,000 persons have graduated from the university. In particular, it has produced 3,900 graduates in business administration and 600 in engineering. In comparison, over a period of almost 100 years (1864-1963), eight Acadian post-secondary educational establishments granted about 3,000 diplomas, of which 2,200 were BA degrees.

UdeM has had two distinct roles in Greater Moncton's development. Firstly, it was established with a singular and focused mandate: to "provide the Acadian population of the Maritime Provinces a high quality university education and respond, to the extent possible, to the hopes and aspirations of that population"¹⁹. It is also committed to undertake research and to "contribute to social, scientific, technological, economic and cultural development for the benefit of the Acadian community"²⁰. The university's success in promoting Acadians and their culture is undisputed. In business terms it is measured in the emergence of a self-confident entrepreneurial class that is firmly rooted at UdeM.

This role of UdeM goes beyond economic development to encompass very important social and cultural elements, and is not confined to Greater Moncton alone. The second role is more recent and is still developing. It is to contribute to business and economic development in New Brunswick in general, and in Greater Moncton in particular. It is doing this by developing partnerships with governments, groups or associations, and private companies, within both the francophone and anglophone communities. This role is distinct from UdeM as a French-language educational institution, in that it aspires to serve the entire community where it resides. It is this role as it affects Greater Moncton that is the subject of this case study.

3.4.1 UdeM's Participation in Strategic Plan Preparation

U de M was a participant in the exercises that resulted in the 1991 and 1994 strategic plans. It had representation on most Sector Working Groups, and chaired some of them. Specifically, the university agreed to participate in the implementation of nine of the sixteen initiatives recommended for action in 1994. It had a lead role in the establishment of an environmental industries business network, and support roles in the development of knowledge-based industries and in the establishment of a transportation and distribution

¹⁹ From La mission de l'Université de Moncton (translated from French).

²⁰ *Ibid.*

business network. It also agreed to play supportive roles in other task forces and committees. But one of the most notable products of this planning exercise from UdeM's perspective was the establishment of a Parc scientifique adjacent to the campus.

3.4.2 Parc scientifique

In the fall of 1994, UdeM was approached by governments and the business community of Greater Moncton to assume the leadership for the establishment of a Parc scientifique, in partnership with the private sector and governments.

The partnership includes representatives from UdeM, GMEC, the City of Moncton, the federal and provincial governments, and private companies. The objective of the partnership was to establish a park on or near the campus, where university and private sector researchers would collaborate in the development of marketable technology products and in the transfer of technology to the private sector which would lead to new enterprises and products. The park is expected to strengthen links between the university and the private sector and help increase the university's contribution to the business community. It is important to understand that, although UdeM is a French-language educational institution, its research aspects have become thoroughly and pragmatically bilingual. Both anglophone and francophone businesses are free to seek partnerships with UdeM faculty, and researchers deal with other partners across North America and elsewhere in both French and English.

As lead partner in the Parc scientifique project UdeM did a feasibility study; prepared the plans and designs; wrote a business plan; sought funds for the project; provided land for the establishment of the park; managed its construction; and solicited private sector firms to locate there. It is also managing the operation of the park.

GMEC played a key supportive role. It assisted in coordinating the project and in bringing the partners together, and exerted some influence in obtaining funds for the construction of the park. The City of Moncton and the federal and provincial governments played a supportive role and provided funds for the construction of the park. The City also rezoned the property to allow research activities. A few private sector firms provided advice and moral support, as well as some funds for the construction of the park. This amounted to about 10% of the \$1.7 million it cost to build the Parc. Other firms have signed long-term leases for space, helping ensure the Parc's viability. The table summarizes projected revenues and expenses for the Parc to 2002.

Projected budgets at the Parc scientifique

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$110,000 | \$120,000 | \$125,000 | \$130,000 | \$131,000 |
| Expenses | \$79,000 | \$84,500 | \$87,500 | \$90,000 | \$93,000 |
| Debt reimbursement: | | | | | |
| To UdeM | \$30,000 | \$30,000 | \$25,000 | \$15,000 | — |
| To ACOA | \$1,000 | \$1,000 | \$20,600 | \$20,600 | \$20,600 |
| Surplus | — | \$4,500 | (\$8,100) | \$4,400 | \$18,400 |
| Source: Université de Moncton | | | | | |

The first phase of the park began in mid-1997. A 15,000 square foot, two-storey building was completed and the park took in its first tenants on December 15. Eight tenants have leased space in the park occupying all currently available space, and additional firms have indicated an interest in locating their R&D facilities in the park if and when additional space becomes available. Tenants pay full commercial rents. The park is designed to help firms develop highly applied research that results in marketable products and services. It should not compete with other industrial parks in Greater Moncton for tenants; only R&D functions and related services are encouraged to locate at the park, and they pay rent of \$16.00 a square foot compared with \$8.00 to \$12.00 in the industrial parks. It may house the R&D functions of firms with production facilities in industrial parks.

It is expected that the park will contribute to:

- The creation of a critical mass in applied research;
- The networking, interaction and exchange of ideas between researchers in the private sector and at UdeM;
- The availability and the sharing of specialists;
- The creation of new enterprises; and
- The creation of good jobs in leading-edge technology industries.

3.4.3 Concept+ Inc.

If the Parc scientifique provides a base for R&D at UdeM, Concept+ demonstrates the evolution of partners that do the actual research. One complements the other in that Concept+ devises projects and the Parc scientifique provides space for the projects.

Research programs at UdeM had modest beginnings. In 1963, only three professors undertook projects, with grants totalling \$6,300 (about \$36,000 in 1997 money). By 1981-1982, total resources devoted to research exceeded \$1 million. In fiscal year 1996-1997, the university is devoting over \$5 million to applied research through some 30

research centres located on the campus and through projects undertaken by individual professors.

Among its most active research centres, which have established effective partnerships with industry, are Concept+, le Centre de recherche sur les aliments, le Centre de recherche en conversion d'énergie, and le Centre de recherche en sciences de l'environnement. Notable areas of research include thin films, refrigerants, food technology, environment and micro-electronics. Some researchers have developed national and international reputations. Chairs have also been established with the assistance of the federal and provincial governments and, in some cases, the private sector, notably the *la Chaire d'études K.C. Irving en développement durable*. In 1991, le *Centre d'innovation scientifique et technologique à l'industrie* (CISTI) was established. This was set up to improve the capacity of the university to respond more effectively and more efficiently to the R&D needs of the private sector.

Concept+ is the research centre which is having the greatest impact on Greater Moncton. Originally known as CADMI (Centre pour l'application et le développement de la microélectronique Inc), it was set up with federal funding in 1983. It has become the cornerstone of the new Parc scientifique. In its first year of operation it employed two researchers and had revenues of about \$30,000. In fiscal year 1996-1997, it had 16 persons dedicated to research and it generated total revenues of about \$1 million. On average, Concept+ covers about two-thirds of its total expenses from revenues, including purchase of specialized equipment. By comparison, a survey of provincial research organizations across Canada showed that contract revenues from industry averaged less than 32% of total revenues from 1990 to 1995²¹.

Its mission is to promote the transfer of leading-edge technologies to industries through the development of new marketable products. The principle behind this is to encourage local technology firms. A strong case can be made that these are more firmly anchored in the local community because they embody the work and ideas of local people, even though in some cases capital might come from outside. This loyalty to the community is affirmed by the technology companies interviewed for this project, meaning it is easier to retain technicians and engineers. This is important, because operating in Greater Moncton often means it is more difficult to recruit new blood from outside.

All research activities undertaken at Concept+ are responses to private firms. Partnerships are established through contracts with individual firms. They are formal and legally binding. Research activities and services are provided on a fee-for-service basis. In addition to UdeM and private firms, partners include ACOA, NRC, and EDT.

²¹ Statistics Canada, Service Bulletin, Science Statistics, catalogue 88-001XPB, April 1997.

University researchers work very closely with private sector researchers and will often share facilities and equipment. They will occasionally work on the premises of the private firms alongside their researchers. The firms provide Concept+ with detailed specifications on research work to be performed.

NRC will provide technical advice if requested. NRC sometimes provides grants to private sector firms to help pay for costs of research. ACOA and EDT provide financial assistance to Concept+ to help buy specialized equipment. Both ACOA and EDT also provide contributions to private firms to help pay part of the costs of research. Although in most instances each partner has separate agreements with each firm, they complement one another and consult with each other about the partnership.

3.4.4 Assessment of the UdeM Partnership and its Components

The University had a well-defined initial vision to address a single broad need - to serve the Acadian community. It has accomplished this, as the number of graduates since 1963 indicates. As it evolved, as well, the university was required to build research capabilities and to connect with businesses in Greater Moncton. There are strong signs that this is being accomplished, notably with the establishment of the Parc scientifique and the success of Concept+. This is a work in progress, that will never really be finished.

UdeM has also played an important role in the overall economic development of Greater Moncton, notably by its participation in strategic plan preparation and implementation. Specifically after the 1994 plan, UdeM established a Parc scientifique to increase collaboration between university and private sector researchers, to develop marketable technology products and technology transfer to the private sector. This partnership had its own characteristics. It was unstructured, involving UdeM, private companies, and government agencies. The park is operational, it is full, and there is a waiting list of other firms wanting space.

Concept+ partnerships are designed to do actual R&D projects. They are struck between UdeM researchers and private firms (to the specifications of the latter) often with the assistance of the federal and provincial governments. They are legally binding between the main partners. They are designed to create synergies between private sector and university researchers, share specialists between the university and the private sector, assist technology transfer, develop new commercial products and processes, form new enterprises, and increase the productivity of existing firms.

Outcomes from Concept+ include:

- It assists about 50 firms a year;

- Firms assisted include some of the most dynamic technology firms in the Moncton area. Economic spin-offs associated with six of these firms are substantial and include:
 - Creation of 200 well-paid jobs in research and development in the private sector;
 - Gross revenues of about \$35 million annually;
 - Payrolls totalling \$7.5 million annually; and
 - Government revenues exceeding \$1.5 million annually²².

These results are incremental in so far as the six firms would probably not exist without support from Concept+ and other partners.

Concept+ partnerships are generally on an individual basis but multi-dimensional. The objectives of each partnership are usually set out in legal contracts between Concept+ and individual firms; between individual firms and the government departments and agencies providing financial assistance in support of research projects. Consultation among the different partners supporting a particular project is common. Goals and objectives are clearly specified in the contracts and agreements between partners.

Overall, Concept+ partnerships have been very successful. Concept+ annual revenues are about \$1 million annual; many clients are repeat clients; economic spin-offs are considerable. Firms consulted in the context of this study that had used Concept+ Inc. to do research work were either satisfied or very satisfied with the results. Perhaps most importantly, several firms interviewed for this study indicated that they would not be in business today without the help from their Concept+ partnerships.

3.5 CASE STUDY 3: AIRPORT TRANSFER

The realization that Moncton Airport should be a community asset, rather than just a piece of Canada's air transport infrastructure owned and operated by a federal department, began to emerge seriously in the mid-1980s. The identified need was to develop the airport as an integral part of Greater Moncton's economy, recognizing that a growing airport is a key component in self-sustaining development. The community had a long appreciation of transportation enterprises in its economy, and the valuable services that transportation provided to other industries. Developing the airport to its potential was a logical extension of the local transportation infrastructure. This was a first for medium-size airports in Canada, and put Moncton ahead of other places of comparable or sometimes even much bigger size.

²² Centre pour l'innovation scientifique et technologique dans l'industrie, Université de Moncton.

GMCC took a lead role in the early stages of investigating community ownership of the airport, and how this would allow better marketing and improved air service. This predated the 1989 federal announcement of commercialization of airports in Canada. Until 1994, however, Transport Canada was preoccupied with large airports in Vancouver, Edmonton, Calgary, and Montreal. A new National Airport Policy, unveiled in 1994, gave smaller centres like Moncton an opportunity to gain control over their airports. Greater Moncton's airport groups had not been idle. Studies were launched to investigate the economic impact of the airport in the community, paving the way for eventual commercialization. Then, as now, the airport was operating at a deficit, and had little leeway to make capital investments. Everything was in the hands of Transport Canada.

3.5.1 The Transfer Process

Under the 1994 policy, Moncton Airport qualifies as part of Canada's National Airports System (NAS) by virtue of handling more than 200,000 passengers a year. It is one of 24 airports in NAS, which also includes airports at Fredericton, Saint John, Halifax, Charlottetown, Gander and St John's. Moncton is the third busiest airport in the region in terms of fare-paying passengers (after Halifax and St John's), and the second busiest in terms of aircraft movements (after Halifax).

The airport partnership evolved quite rapidly. An Airport Economic Development Committee was formed in 1991, which evolved into the Airport Transfer Study Group. Studies revealed the airport employed 400 people directly, another 1000 indirectly, and had a local impact of \$100 million. By the time the new airport transfer policy was announced in 1994, much of the groundwork for transfer to community operation had been done.

The Greater Moncton Airport Authority (GMAA) emerged out of earlier groups, and incorporated in 1995. Negotiations with Transport Canada began almost immediately. It was greatly assisted by funds from the Moncton Response Group. This covered the costs of background studies, which were completed by mid-1996. The financial aspects of the transfer were in place by the end of 1996. Final negotiations occupied the first part of 1997, and the new managers took over on September 1, 1997.

3.5.2 Aims and Concerns

Throughout this process, there were several complementary threads. One was to obtain better air service for Greater Moncton. Another was to capitalize on the airport's record of having fewer closures due to bad weather (fog especially) than any other of Atlantic Canada's big six airports. A third was to enhance air service's role in Greater Moncton's package of transportation industries. A fourth was to avoid becoming merely a feeder into the regional passenger hub at Halifax, to begin at least to develop Moncton as a cargo hub.

A fifth was to make the airport work as a community asset, a role that was next to impossible when Transport Canada ran it. This ruled most aspects of the partnership and its evolution. GMAA's Board, for example, has to have two representatives from each of the three municipal councils; and representatives from GMCC, GMEC, and the Province. The federal government picked two (non-political) representatives from the community, and had an option on a third Board member during the five-year period after transfer when the airport would still be operating under a federal subsidy. The Board itself picks one member at large.

Transportation interests had to be included (a stipulation from Transport Canada). GMAA's by-laws specified that every effort was made to represent local labour, consumer, and business interests, plus cover legal, financial, accounting, engineering, and aviation expertise. The authority itself operated with a small paid staff, meaning that Board members, although volunteers, had to work in some capacity. Before transfer, the Board had much more to do with the day-to-day running of the airport, but this has now been contracted to YVR Airport Services of Vancouver, which won the job on open tender.

It is worth re-emphasizing the "community first" aspects of the airport transfer process. This would mean, for example, that the Town of Dieppe, where the airport is located, might be expected to forego tax revenues if the airport required assistance for any reason that would benefit the wider community. It is interesting that a series of four big votes concerning the airport transfer by each of the three municipal councils passed with only a small handful of dissenting votes in total. This indicated strong community support of the process and its aims. In return, GMAA strives not to become a financial burden on the community tax base. The most it has asked for so far is backing for some loans.

The actual process of the transfer itself involved at least six steps, all consciously identified at an early stage:

1. Identify short- and medium-term capital requirements by means of an infrastructure study.
2. Establish budgets by means of a financial study.
3. Ensure smooth transfer of current employees from the federal payroll to working for another organization, to maintain morale and ensure airport operations will not be disrupted by the transfer.
4. Negotiate with Transport Canada.
5. Keep the community well informed of the transfer process at frequent intervals.
6. Transfer the airport to its new management.

During this process Greater Moncton was breaking a trail on behalf of many other medium-size airports in Canada, all of which faced having to negotiate transfer of their airports to local management. Transport Canada admitted it would be tougher in its

negotiations with Greater Moncton, to set standards for others that would follow. Having only dealt with much larger airports to that point made negotiations even more difficult. But it also conveyed an advantage to Greater Moncton in the experience it gained that it can now use to advise other communities on their transfer processes. GMAA also took the step of joining the Canadian Airports Council, the first smaller airport in Canada to do so. This made it a *de facto* representative of all smaller airports in Canada, to argue points of view that existing larger airports were unfamiliar with or overlooked.

3.5.3 The Partnership Goes On

Now that the actual transfer is completed, GMAA and the community face other challenges at the airport. One of two main runways urgently needs replacing, as does the terminal building. (Under the National Airports Policy, the federal government still owns the airport, and still has an interest in it as part of the National Airports System.) Capital spending of some \$27 million has been identified for necessary asset replacement or upgrading, a task made more urgent by the fact that Greater Moncton will host le Sommet international de la Francophonie in 1999. Otherwise an eight- to ten-year spending plan was envisaged.

GMAA has now begun to raise this money. The three municipal councils voted to back a \$4.8 million loan to GMAA in early 1997, and the federal government has committed \$2 million. Any concerns about this outlay have to do with the airport's seemingly perennial operating deficit. This could be addressed by introducing user fees for passengers, a technique that has been employed at other commercialized airports in Canada. Other public investment in cargo aprons have also been necessary to complement private investment in cargo handling centres by major freight carriers who have based operations at the airport, notably Purolator Courier and Federal Express.

3.5.4 Airport Transfer Partnership: Assessment

Of the three case studies in this section, the story of the airport transfer has the sharpest focus. It deals with a community asset that it was felt was not being used or promoted to anything like its potential as a tool of economic development. It had a defined series of steps from study to actual transfer. GMAA had predecessor committees and groups that had done valuable background work. Other groups in Greater Moncton, while offering what support they could, were quite content to let GMAA lead this partnership. There is no doubt that it has satisfied the identified need of effecting airport transfer, as this actually occurred on September 1, 1997. This success gains stature by the fact that Moncton is the first smaller airport in Canada to gain control over its airport.

GMAA's 13-member volunteer board represented business, labour, and governments. People were appointed to this board not only to represent their constituencies, but also because of their commitment to the community ahead of their constituencies, and because

of the professional skills they brought with them that would be mobilized during the extensive transfer process. From its early start in the mid-1980s, the airport partnership did its homework properly, and assembling the necessary information to back up its negotiating position. It never shied away from other innovative steps, like joining the Canadian Airports Council.

Like the other partnerships described here, the airport transfer partnership faces ongoing challenges. Although it is now run by a commercial service company (YVR) decisions still have to be made on capital spending and future directions. This means that the partnership that came together around the issue of the airport transfer is an example of how to evolve into an advisory or even a management board in a commercial or corporate sense. The identified need of actually transferring the airport to local management control is now succeeded by another, to undertake new and necessary investments.

Other outcomes are less well-defined. There is no loss of employment at the airport, for at least two years, under the terms of a contract signed with major unions in mid-1997. Passenger service is improving, building on a market that includes all of New Brunswick, Prince Edward Island, and northwest Nova Scotia. New services have begun to Toronto and Florida (Royal Airlines) and to Montreal via Quebec City (Air Montreal). Canada 3000 will begin a three times a week Airbus A320 service to Toronto in May 1998, and if this is successful will add services to Florida and Europe by mid-1999.

Cargo service at the airport is centred on Federal Express and UPS, both of whom were operating there before transfer occurred. Technological innovations at the airport are probably limited in scope, and will have to wait upgrades of both the runways and the terminal building. But it is not unreasonable to believe that benefits attached to the airport will be medium- and long-term in nature, as GMAA learns its role better, does marketing, and upgrades its plant. This corresponds to the airport's position as a piece of Greater Moncton's transportation infrastructure.

3.6 ASSESSMENTS OF PARTNERSHIPS DESCRIBED IN THE CASE STUDIES

The partnerships outlined in these case studies are characterized by their diversity in purpose or aim, in structure, in process, and in scope. But while diverse in these ways, they also share common threads. Firstly, there is almost always an over-arching goal, which is the betterment of the community. This can be achieved by more and better jobs, better technologies, a more diverse economic base, better exports, and many other things. In an environment of economic diversification and growth, citizens benefit.

Second, the work of partnerships does not end. As one series of goals or needs is met, another set emerges. Partnerships, therefore, have to evolve in line with the different challenges they come to face.

Third, Greater Moncton's partnerships have formed within a framework of a series of plans that embody the community's aspirations, goals, and energies. These plans have emerged from the community. They have not been imposed by governments although government agencies are partners in the way that many other community groups are partners. These plans have harnessed the energies and enthusiasm of many volunteers, working for the community as well as working for their living. In this way, individuals and businesses contribute to the growth of their community by donating their time and skills. The power that this conveys not only helps the community build, it also gives its volunteers a stake in their own future. This makes Greater Moncton itself the biggest partnership of all.

It is doubtful, however, whether the case studies indicate that economic development in Greater Moncton has become self-sustaining. The community can take enormous credit for, and satisfaction from, beginning to chart its own course through plans and their implementation. Local agencies still count on other partners to help them implement various projects, however. The provincial government and NBTel were indispensable in attracting call centres. UdeM and its partner firms at the Parc scientifique, or through Concept+, need financial support and technical advice from federal and provincial agencies. Moncton Airport is a key component to self-sustaining development, but all partners in it recognize the challenges it faces in raising badly-needed investment funds. This mixture of interested partners reveals pragmatic as well as real circumstances.

Identified needs faced all of the partnerships, ranging from broad to specific. As a backdrop to all there was, and still is, the need to create employment in Greater Moncton, and to diversify the community's economic base. Strategic plans also emphasized Greater Moncton's cultural harmony and being a good place to live. There was also a determination to use more of the advantages of Greater Moncton as a place to do business, such as bilingualism, low costs, location, and a loyal workforce.

Outcomes from the partnerships profiled in this section include more jobs, a more diverse economic base, more sales in markets away from Greater Moncton, better skills, and more technology-based industries. These intuitively make Greater Moncton a better place to live and work. To add further evidence that these have become realities, in effect that partnerships have contributed significantly to Greater Moncton's economic development, we now view the picture from the point of view of the private sector.

SECTION 4: THE IMPACT OF PARTNERSHIPS ON FIRMS

4.1 PURPOSE AND DEFINITIONS

Whereas the preceding section assessed partnerships from the partners' point of view, this section examines the concept from the private sector point of view, or how partnerships have affected firms' performance. A partner can be defined as any party that has contributed to, or assisted, a firm in the achievement of its objectives or mission, and may include municipal, provincial and federal governments or their departments or agencies, (including industrial commissions and industrial parks), universities and community colleges, industry organizations and other private firms. A partnership may be a formal agreement, or a written legal document where the responsibilities of partners are well defined, or may be informal where partners provide any assistance, such as advice and information.

4.2 APPROACH AND METHODOLOGY

For the case study of private sector responses to partnerships, 20 firms were targeted for interview, chosen with the assistance of the Steering Committee. Two of those selected did not participate. Targets were selected to represent various characteristics, like new establishments, technology firms and exporters, older companies and those in traditional sectors, manufacturers and service providers. The firms included representatives of:

- Wood products
- Food products
- Electronics components manufacture
- Machine shops
- Information technology products and processes
- Electronic commerce
- Textiles
- Call centres

A profile of each firm was prepared based on client files at ACOA and information provided by GMEC. These were subsequently amended based on information gathered by interview.

Although a case study rather than a scientific survey, a standardized questionnaire was developed to ensure uniformity of responses for comparative and analytical purposes. The questionnaire has three parts:

- The Firm, mainly about the performance of the firm;
- The Partnerships, which also raises questions about relevance issues, success issues and effectiveness/efficiency issues; and

- Greater Moncton, a set of five questions relating to the economic performance of the community over the past ten years. (Responses to these questions are in Section 5, combined with responses to the same set of questions when posed to people interviewed for the case studies described in Section 3 above).

In October 1997, a letter was sent to the selected firms, inviting them to participate in this research and explaining the purpose of the interviews. Subsequently, each firm was contacted to schedule interviews, which were conducted from the middle of November, 1997 to the beginning of January, 1998.

4.3.1 The Firm

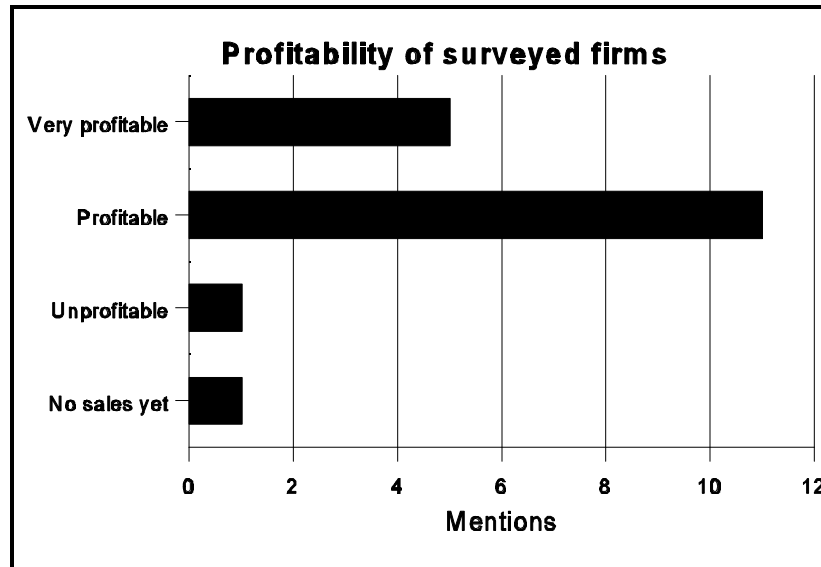
There were four questions in this section:

- *Could you briefly describe the performance of your company?*
- *Is the company very profitable, profitable or not profitable?*
- *What factors contributed to your success?*
- *What factors may have impeded success?*

Of the 18 firms, eight are relatively new, having been established during the 1990s. Among these are three call centres and five technology-driven enterprises. Only one technology-driven firm was established before 1990.

Eleven firms were established by local entrepreneurs, including five of the six technology-driven firms interviewed. One of these has received substantial investment from outside the region, notably the United States where its headquarters is now located to improve access to capital; this firm's R&D and production remains in Greater Moncton, however. Among the other seven firms, two purchased existing establishments and continued producing similar product lines, improved on the quality and diversified production and markets.

The performance of companies has been generally successful or very successful. Most have had rapid growth and have successfully penetrated export markets. However, one firm, although successful in developing new products and experiencing significant growth at the outset, did not reach its sales objectives and is currently seeking bankruptcy protection. Another firm, affected by cyclical fluctuations, has been experiencing steady but slow growth.



All respondents except two indicated that their operations were either profitable (11) or very profitable (5). (Call centres responded in terms of success rather than profitability; two indicated that they were very successful and one indicated that it was successful.) Of the other two firms, one is unprofitable and the other is just beginning production and has not yet made any sales.

Success of firms was due to external and internal factors. The predominant external factors were:

- Partnerships, notably with ACOA, EDT, UdeM, GMEC, BDC, (formerly the Federal Business Development Bank), NBTel and NBCC. (Abbreviations used in this section are below.)
- Good economic conditions.
- Fast growing sector.
- A good pool of well-educated workers, notably engineers from UdeM and other universities, and technicians and technologists from NBCC.
- Prompt and courteous service from government agencies (including ACOA and EDT) when support and assistance were requested. (Only one firm complained about “red tape”.)

Other positive external factors were low interest rates, good location and reliable source of supplies.

The most important internal factors were:

- A good, effective management team.
- Good planning and marketing strategy.

- Ability to identify and target a market niche.
- Hard work, determination and strong commitment at all levels.
- Good, reliable workers, with strong work ethics and low turnover.
- High quality products and services.

Firms also indicated a number of factors that impeded or delayed growth. Most notable is access to capital. One view was that conventional lenders were too cautious in lending to small and medium-size enterprises. Other factors impeding growth mentioned by some firms were:

- Poor access to experienced middle managers.
- Poor access to supplies and inputs not available locally.
- Rapid growth that strained supply of local or regional inputs.
- Distance to supply of specialized equipment and equipment parts.
- Changes in ACOA policy from non-refundable to refundable contributions, that in particular has had a negative impact on R&D activities.
- ACOA providing assistance to competitors; or ACOA refusing assistance arguing that it would negatively affect competitors.
- The recession of the early 1990s.
- The cost of complying with environmental regulations.

4.3.2 Partnerships

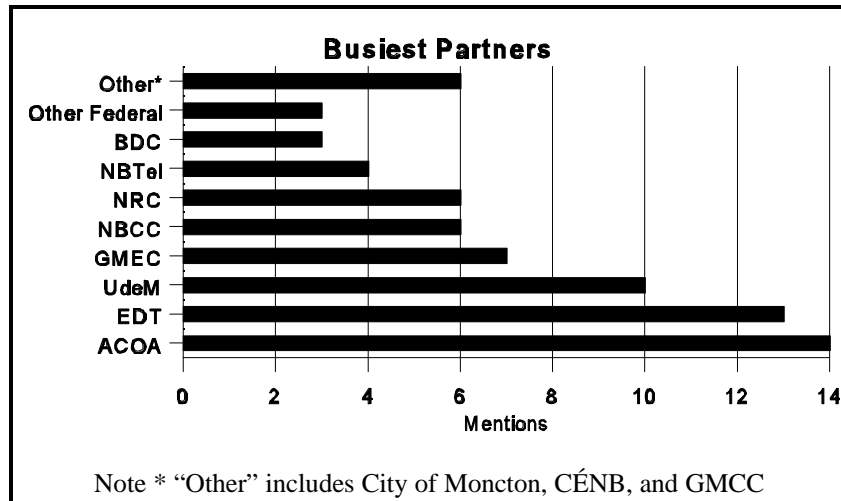
4.3.2.1 Partners

There were three questions:

- *Who are the partners which have most contributed to your success?*
- *Can you briefly describe the partnership, the role of each partner?*
- *How did each partner complemented each other?*

All respondents except one indicated that partners had contributed positively to the performance of their firms. Although firms most often established partnerships with more than one partner, very often these partnerships were on a one-on-one basis. Where there was more than one partner involved, these partners were most often ACOA and EDT. Where there was more than one government or funding department or agency involved in a particular project, there was always consultations among the different partners.

The organizations cited most frequently as partners are shown in the chart.



Abbreviations used in this section

ACOA- Atlantic Canada Opportunities Agency
 BDC - Business Development Corporation (formerly the Federal Business Development Bank)
 CÉNB - le Conseil économique du Nouveau-Brunswick
 EDT - New Brunswick Department of Economic Development and Tourism
 GMCC - The Greater Moncton Chamber of Commerce
 GMEC - Greater Moncton Economic Commission
 IC - Industry Canada
 MID - Moncton Industrial Development
 NRC - National Research Council
 NBCC - New Brunswick Community College
 NBTel - New Brunswick Telephone Company
 UdeM - Université de Moncton

For the purpose of analyzing partnerships, the firms may be aggregated into three groups: call centres, technology firms, and others.

- The **call centres** interviewed indicated that former Premier McKenna was instrumental in bringing them to New Brunswick to assess locational factors. The quality of telecommunications was the determining factor in choosing New Brunswick as a location. Having selected New Brunswick, however, other factors came into play in the selection of a specific site. They included the quality of educational infrastructure and courses, quality of life factors, and the quality of the labour force, including bilingualism.
- Call centres regarded NBTel as their most important partner. They were impressed with the quality of staff and especially the service. NBTel is seen not only as competent in supplying needed equipment but also in assisting firms in planning future needs. NBTel also provides a back-up emergency centre in case of catastrophes or major breakdowns at any existing call centre.

- Call centres viewed NBCC's campuses as most helpful in responding to training needs of employees. They were especially cooperative in preparing and delivering customized training according to call centres' specifications.
- GMEC was cited as a valuable partner. It provided advice and information on economic factors, quality of life factors, available space and available workers. In particular, they organized a directory on available qualified workers and set up a Job Fair to assist call centres recruit employees.
- EDT was viewed as a valuable ally at the early stages of call centre location. It provided information on cost competitiveness of various locations in New Brunswick, and also financial assistance, usually in the form of forgivable loans conditional on the number of jobs created.
- **Technology-driven firms** especially valued partnerships with funding agencies, mainly ACOA and EDT, and research institutions, notably UdeM.
- ACOA was cited as the most important provider of financial assistance, followed by EDT, most often in partnership with ACOA under federal-provincial agreements. (Remember that about three-quarters (14 of 18) of the firms selected for interview was drawn from ACOA files, so its appearance as the most frequently mentioned partner is to be expected.)
- UdeM, mainly through Concept+, is by far the most important partner for R&D activities for technology-driven firms. UdeM undertakes research on a fee-for-service basis, based on client specifications. The university also shares its facilities with private sector researchers, and allows its own researchers to work side by side with companies at their (the companies') premises.
- NRC was mentioned by some technology-driven firms as a good source of technical advice and information. NRC also provided limited financial assistance in a few cases and helped manage research projects for which they provided financial assistance.
- **Other types of firms** valued partnerships mostly with providers of financial assistance, notably ACOA. BDC was a partner in three cases and was especially valued by one firm where it took an equity position.
- In addition, two firms were first attracted to the Moncton area as a result of industrial benefits and assistance associated with the federal Defence Industry Productivity Program (DIPP). One of these also took advantage of regional development programs offered by ACOA and EDT for business start-ups, expansion, purchase of equipment and to undertake R&D.

4.3.2.2 Partnerships and Needs/Priorities

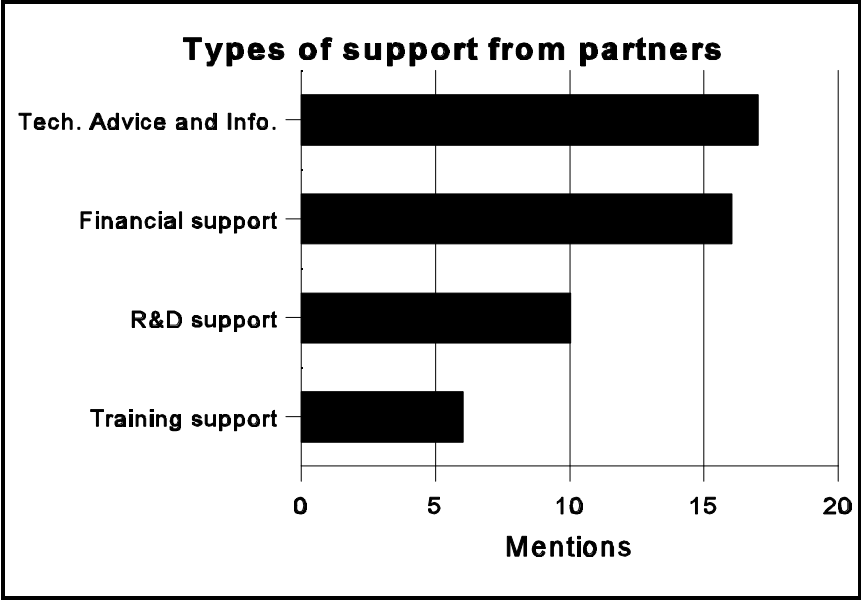
The question was:

- *Has the partnership addressed the needs and priorities of the company? How?*

This addresses relevance issues. All respondents except one that did not identify any partners, indicated that partnering was either helpful or very helpful in addressing needs and priorities of their company. Needs and priorities varied among firms, and from time to time within each firm depending on their stage of development. Identified needs may be grouped under four broad headings, with associated priorities and partners (see table):

| Needs | Priorities | Main Partners |
|---|--|---|
| Financial support (direct and indirect) | <ul style="list-style-type: none"> - establishment, relocation, modernization and expansion - equipment purchases - marketing activities and promotion - research and development - hiring of specialized skills - human resource development - quality improvement, including quality assurance certification - planning activities - productivity and efficiency improvement - telecommunications equipment - working capital | ACOA EDT NRC IC GMEC |
| R&D Support | <ul style="list-style-type: none"> - product development and improvement - process development and improvement - quality improvement - efficiency improvement - software development - product design | UdeM IC NRC NBTeI |
| Technical Advice and Information | <ul style="list-style-type: none"> - government programs and services - R&D and product development - quality and efficiency improvement - software packages and development - economic information - educational infrastructure and courses - availability of qualified workers - bench marking information - cost competitiveness - quality of life factors - marketing information - technology transfer | ACOA EDT NBTeI GMEC UdeM NRC GMCC CÉNB City of Moncton MID |
| Training | <ul style="list-style-type: none"> - customized training for employees, notably call centres | NBCC NBTeI |

Most firms indicated that they obtained technical advice and information and financial support to address their needs and priorities; ten firms received R&D support; and six firms benefited from customized training or apprenticeship programs at NBCC (see chart).



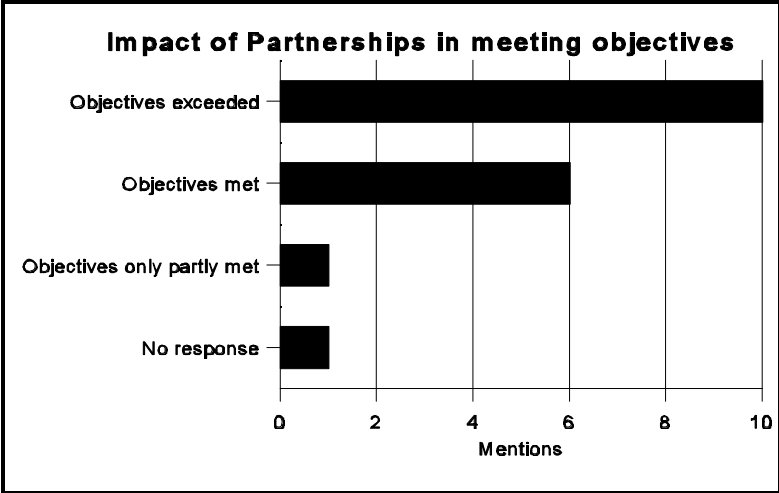
4.3.2.3 Partnerships and Objectives

(Sections 4.3.2.3 through 4.3.2.6 address success issues.)

The questions were:

- *What were the objectives of the partnerships?*
- *Were the objectives exceeded, met, not met, or is it too early to tell?*

All firms but one defined the objective of the partnerships as obtaining support to address needs and priorities. The one notable exception is a call centre which defined the objective of the partnerships as “providing high quality service to customers”.



Ten respondents indicated that the objectives of the partnerships were exceeded (see chart). Several firms were especially satisfied with their partnership with ACOA, which responded efficiently to requests for financial assistance. Call centres were particularly happy with their partnership with NBTel which “resulted in benefits beyond expectations”, especially in anticipating future needs and in helping with planning activities. Several technology driven firms were most satisfied with R&D support from UdeM, and with financial assistance from ACOA.

Six other firms indicated that the objectives of the partnerships were met, while one firm indicated that objectives were only partly met. (This firm is in a very competitive industry globally, and is very sensitive to cyclical fluctuations.)

4.3.2.4 Partnerships and Success

Firms were asked to choose the statement that most closely described their experience:

- *Which of the following statements best describes the impact the partnerships has had on your business?*
 - *Our business has met its objectives, due in large part, to the partnerships.*
 - *Our business has met its objectives, but only a small part of the success is attributable to partnerships.*
 - *Our business may not have met its objectives, but the partnerships have ensured our survival.*
 - *The partnerships have had no impact whatsoever on our business.*
 - *Do not know.*

Fourteen respondents indicated that partnerships were instrumental in meeting objectives. ACOA was mentioned by several firms as the key partner responsible for achieving success. Call centres, which did not receive any assistance from ACOA, cited NBTel as being the greatest contributor to their success.

Two respondents indicated that success of their firm was only in small part attributable to partners. One other respondent indicated that the firm did not meet its objectives but that the partnering had ensured its survival, notably the partnership with ACOA.

4.3.2.5 Partnerships and Incrementality

Two questions addressed the issue of incrementality:

- *Have the partnerships resulted in benefits that would not have come without it?*

- *To what extent were the partnerships efficient in achieving objectives as compared to the firm acting alone?*

Responses to these questions indicate that partnering has had a very significant incremental impact in Greater Moncton. Eleven respondents indicated that without partners they would not, or may not, be in business. Together these 11 firms employed over 1,000 persons in 1997 and had sales exceeding \$60 million. Among these are eight firms established during the 1990s, including five technology firms and three call centres. Call centres would likely have located elsewhere, outside New Brunswick, had it not been for the level and quality of services provided by NBTel. Two technology firms, likewise, stated that they would likely have located somewhere else (the United States), if it was not for the support offered by local partners.

Six other firms indicated that growth would have occurred, but on a much smaller scale. For these firms, partnerships have contributed to market expansion, acquisition of better technology, product improvement, introduction of new products, and increased sales and employment.

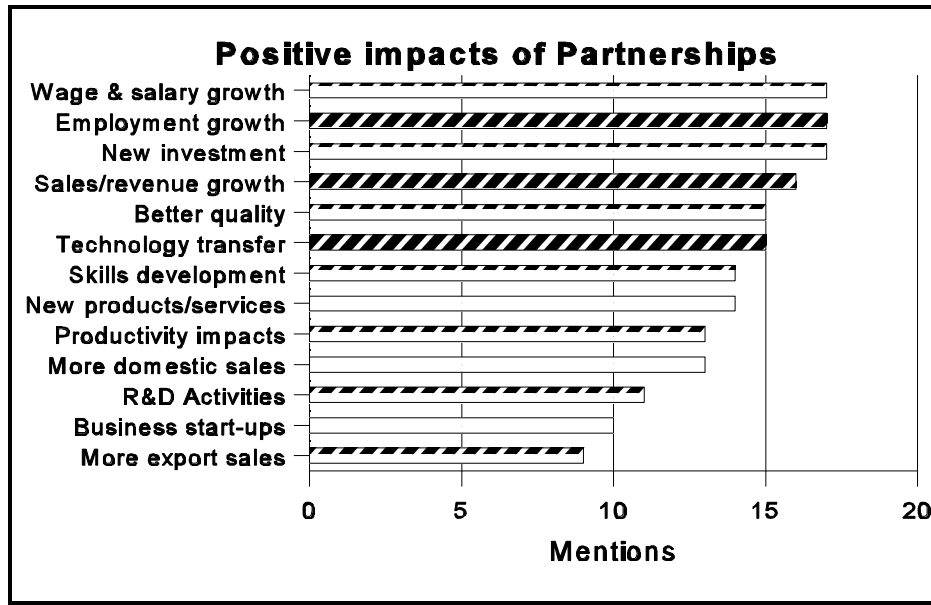
Partnerships thus have contributed to industrial diversification in Greater Moncton. In particular, they have helped establish a nucleus of technology firms, which provide high-paying employment opportunities for university and Community College graduates, and have helped attract special skills from outside New Brunswick which may, in turn, attract other technology firms.

There have been other spin-offs. Some clustering has occurred among technology firms, and between the technology firms and local metal fabricating and machine shops that have the precision tools necessary to supply high quality materials and supplies often required. UdeM also benefited from partnerships with private firms. It has contributed to increased employment, notably at Concept+, especially for graduate engineers. Skills at Concept+ have improved through challenging projects and sharing expertise with private sector researchers.

4.3.2.6 Partnerships and Impacts

The question was:

- *Have the partnerships had any impact on the following? (See chart)*



Partnering, by all accounts, resulted in very positive impacts for Greater Moncton. All respondents, except for the firm that claimed no partners, indicated that partnering had beneficial impacts on their operations, with the most positive impacts being in terms of wages and salaries, employment, new investment, and sales growth. Analyzing these responses further allows the following commentary.

Business start-ups and investment: Seventeen firms indicated that partnerships had contributed positively to increases in investment, and ten indicated partners encouraged them to set up in business in the first place. Without partners investments in new businesses, to expand, and to purchase equipment would have been considerably lower. Among the 17 firms, ten were established with the assistance of one or more partners. The most frequently mentioned partner was ACOA, followed by EDT. Their contributions were mainly in the form of financial assistance. NBTel was cited as the most important partner by call centres due to the competence of its personnel and the high quality services it provides to its customers.

Employment and Wages and Salaries: Almost every firm (17) said that partnering had considerable impact on job creation and the wages and salaries it paid. Total employment for the 17 firms rose from 313 in 1990 to 1,966 in 1997. ***It is worth emphasizing that this six-fold increase in employment has been in large part due to partnerships designed to help companies.*** Eight of these firms were established after 1990, so started from zero employment. As mentioned earlier, 11 firms accounting for over 1,000 jobs indicated that they would not be in business without the assistance of partners.

Sales: Partnering also had a major impact on sales among the firms interviewed (12 companies provided sales data; results would undoubtedly be more favourable if sales data were complete). For the 12 firms that responded, sales rose from an aggregate of about

\$30 million in 1990 to over \$100 million in 1997. The 11 firms that indicated that they would not be in business without partners had sales exceeding \$60 million in 1997.

Market expansion: Thirteen firms indicated that partnering had contributed to more sales in domestic markets. Most of these were initially selling mainly in local and regional markets, but have successfully sold in Quebec and Ontario. Nine firms also indicated new export sales. ACOA and EDT were the major partners affecting market expansion. They both provided funds to undertake marketing activities and promotion. ACOA also provided financial assistance to help prepare marketing plans and to hire marketing managers. EDT also provided market information. In addition, the federal Program for Export Market Development was used by one firm to explore sales potential in foreign markets. Technology firms are especially involved in export markets, which range from 46% to 98% of total sales. Among other firms only one firm had substantial export sales, with exports accounting for 84% of total sales; four were selling only in domestic markets.

R&D activities/introduction of new products/technology transfer: Eleven of the 17 firms that had partners were involved in R&D activities. Among these are six technology firms, which spend between 5% to more than 20% of gross sales on R&D. One firm which is not yet in production has spent millions of dollars on R&D. These firms have a staff working exclusively on applied research. Non-technology firms with research activities spend less than 2% of gross sales on R&D.

The technology firms' R&D activities focus largely on the development of new products, that are essential to the mandate of the company. For these firms the most important partners are ACOA, as a provider of financial assistance, and UdeM through Concept+. Other important partners are EDT for financial assistance and NRC for some funding and assistance in managing some research projects.

Fourteen firms indicated that they had introduced new marketable products or services, for the most part a direct result of R&D activities. They varied in sophistication, and included innovative technologies which require highly educated and skilled workers. One such product, which sells for about \$500,000 a unit, has six patents pending. Partnering was seen as critical to R&D and the development of new, marketable products. Most of the firms involved in such activities have indicated that they would likely not be in business without the contribution of partners.

Fifteen firms have indicated that partnerships have contributed to technology transfer. This came by purchasing new technology and by product development. Technology transfer through product development was especially important for technology firms.

Perhaps most important, partnering has contributed to the creation of a nucleus of new technology firms where R&D is a significant activity and technology transfer is important.

It has resulted in product and industrial diversification and the creation of highly-paid jobs for skilled graduates from universities and the Community College.

Quality improvement: Fifteen respondents indicated that quality improvement was a constant concern. Many firms had implemented or were in the process of implementing quality assurance programs, such as ISO 9000 to ISO 9003. Financial assistance for quality improvement was obtained from both ACOA and EDT. UdeM was also a partner in some instances, providing technical assistance.

Skills development/improvement: Fourteen respondents indicated that partnering had contributed to skills development and improvement which contributed to the performance of the company. For most firms, ACOA was the major partner. It provided financial assistance for the hiring of specialized skills, such as marketing manager, office manager, quality control manager, inventory control manager, and engineering skills. For others, NBCC's campuses were the major partners. They provided customized training for call centres and apprenticeship programs for other firms. NBTel was also cited by one call centre as having contributed to management skills improvement through the Call Centre and Human Resource Group, set up by NBTel to help address call centre's human resource development needs.

Productivity improvement, reduced costs and increased profitability: Thirteen respondents agreed that partnerships helped improve productivity, meaning lower costs and improved profits. Improvements came through the purchase of modern production equipment, management technology, improved process technology through R&D, and hiring specialized skills, notably engineers. ACOA, EDT and the UdeM were mentioned as useful partners in this regard. NBTel was the most important partner for call centres, through the provision of technical advice and sophisticated telecommunications equipment.

4.3.2.7 Partnerships and Effectiveness/Efficiency

The question was :

- ***Were the objectives/impacts attained at a lower cost, less efforts, due to the partnerships?***

This addresses effectiveness and efficiency issues. As indicated previously, 11 respondents indicated that they would not likely be in business without partners; therefore partnerships were effective in meeting objectives and achieving impacts. However, one firm among these eleven stated that it may have achieved its objectives at lower costs if it had located at a specific American location.

Among the six other firms, four indicated that objectives were achieved at lower cost and less effort due to the partnerships, while two firms indicated that they achieved objectives and impacts at lower costs but not necessarily with less effort. It was not possible to determine whether or not efficiency had increased from 1990 to 1997 for the eighteen firms interviewed based on available sales and employment data.

4.4 ASSESSMENT OF PARTNERSHIPS

By all accounts, partnering has resulted in numerous benefits for the private sector, many measurable, and has contributed significantly to economic development in Greater Moncton. Results from this survey support the view that partnering is an effective means to pursue and promote regional and community economic development.

4.4.1 Partners and their Roles

Eighteen firms were consulted. Seventeen have indicated that partnering had positively affected their performance. The main contributions of the ten most active partners can usefully be summarized by means of a grid. This cross-references individual partners (listed in the first column) with the types of assistance that can be offered (across the top). If a solid bullet (●) appears in a cell it means that partner has been particularly active in providing that type of support. An open bullet (o) indicates some activity in providing that type of support. No entry means that partner has little or no interest in that type of support.

| | Types of support | | | |
|---|----------------------|---------------|----------|------------------------|
| Principal Partner | Financial | R&D | Training | Information and advice |
| Government: ACOA EDT GMEC NRC BDC | ● ● ○ ● | ● | | ○ ● ● ● |
| Educational institutions: UdeM NBCC | | ● | ○ ● | |
| Business organizations: GMCC CÉNB | | | | ○ ○ |
| Private sector: NBTel | | | ○ | ● |
| Note: Partners not included in this table include Industry Canada, the City of Moncton, and the Industrial Parks. | | | | |

The role of partners can be grouped into four broad types of support:

- *Financial support*; the most important providers of financial support were ACOA, EDT and BDC.
- *R&D support*; UdeM especially, but also NRC, were the major partners in providing R&D support, mainly through research contracts or agreements, on a fee-for-service basis. ACOA and EDT, and NRC to a lesser extent, also assisted R&D activities by providing financial assistance.
- *Training support*; the most important partners were the Community College campuses.
- *Technical advice and information*; most partners provided technical advice and information of some kind or another. GMEC and NBTel were especially valued by call centres.

How different agencies have addressed the different types of support required of partnerships, as shown in the grid, helps us to begin answering the question: Is locally-based development becoming more self-sustaining? On one level, the answer to this is a firm “Yes”, for the reasons articulated at the end of the previous section. The community has formulated and updated its own plans, and has put in place the structures (including multiple and diverse partnerships) to implement them. Taking charge in this way is an indispensable element of self-sustaining community economic development, that requires leadership and commitment.

On another level, however, the answer to the question is a firm “No”. This is simply because any development has several elements, and costs money. Many of the firms interviewed as part of this project said they would not be where they are without financial support for R&D. Whether we like it or not, the biggest source for this assistance has been governments.

It is a fact as well that the level of government at which the plan is made and put into action (municipal) is usually the poorest in Canada, with the fewest resources. No amount of volunteerism can substitute for certain things, like marshalling expert technical advice, paying for skills training, or the provision of good infrastructure. These can sometimes be provided by the private sector, as the example of NBTel as partner has shown. Sometimes also, individuals pick up part of the tab, as for training at NBCC, for example. Often, however, the returns are so distant or so diffuse that governments have to take active roles. The Canadian system is structured in a way that senior levels of government (provincial and federal) must take a role.

The technical knowledge required for effective development, at the firm level especially, is often only available from outside the community. This is not to say it will not become a community asset at some stage by means of technology transfer, but it takes time for it to permeate to this level from provincial, national, or international forums. In general, the diversity of partners identified by companies surveyed in this section, and the often specialized support they offer (from financial to R&D and training) demonstrate the range of elements required for a complete development package.

Finally, the very nature of a partnership means that you can’t do it all yourself, and by seeking partners you admit this. Partners bring needed skills and resources to the project, including access to funds. The idea of a partnership should be that the sum of its parts is greater than the number of partners in it.

4.5 CONCLUDING REMARKS: RELEVANCE, SUCCESS AND EFFECTIVENESS ISSUES

The assessment of partnerships on the performance of firms in Greater Moncton is addressed in terms of relevance, success, and effectiveness or efficiency issues.

The **relevance** of partnerships is indicated by how they addressed the needs and priorities of companies, notably in allowing business start-ups and expansion, market expansion, R&D, products development, industrial diversification, or skills improvements. These were accomplished by different types of support, including financial, technical information, R&D cooperation, and training.

Success issues include achievement of objectives, incrementality, and impacts. The broad objective of partnerships was to gain access to financial assistance, R&D support, technical advice and information, and training support. Objectives were mainly articulated as a formal agreement that defined the roles and responsibilities of partners, particularly in cases of financial support and R&D support. Where objectives were not specified in a contract, for example in the case of technical advice and information, requirements were mainly for a defined type of information which did not create any ambiguity.

In the case of training support, objectives were also unequivocal. It was used to enhance skills to perform specialized tasks, often with firms (call centres especially) and Community College campuses working closely together. At the same time, the Community College developed its own core programs to train students for work in call centres.

Partnering has also had considerable incremental impacts. Eleven firms indicated that they would not be, or would not likely be, in business in Greater Moncton without the assistance of partners. Among these are five technology firms and three call centres. Six other firms indicated that growth would have occurred without partners but on a much smaller scale.

Partnering had a strong positive influence on business start-ups and investment, employment and wage growth, market expansion, and R&D activities, product development, technology transfer and industrial diversification, and skills development and improvement. Notably:

- All firms interviewed had employment growth, with a sixfold increase from 313 in 1990 to 1,966 in 1997, mostly due to partnerships; 11 firms, accounting for over 1,000 jobs in 1997, said that they would not likely be in business without the assistance of partners.
- All respondents but one experienced growth in sales from 1990 to 1997, with aggregate sales increasing from \$30 million to more than \$100 million; the 11 firms which said they would not be in business without assistance from partners accounted for sales exceeding \$60 million in 1997;
- Thirteen firms indicated that partnerships had contributed to the expansion of domestic sales, and nine said that partnering had contributed to better export sales. Technology firms were especially active in export markets;

- Eleven respondents are involved in R&D activities; research activities resulted in the introduction of new marketable products and technology transfer from research institutions to the private sector;
- Product diversification resulted in industrial diversification;
- Most important, partnerships contributed to the creation of a nucleus of new technology firms; and
- Fourteen firms indicated that they were active in skills development and improvement.

In terms of **effectiveness and efficiency issues**, 16 of the 18 firms surveyed indicated the objectives of their partnerships were fully met or exceeded. One other said objectives were only partly met. Fourteen firms said objectives were met due to the partnerships.

SECTION 5: IMPRESSIONS ON WHAT MAKES GREATER MONCTON WORK

During the research for this project, a set of five questions was designed to elicit opinions on the key factors that have made Greater Moncton what it is today. This seeks to understand the main elements of the community's recent successes, whether these can be sustained into the future, and whether there are lessons for other communities in Atlantic Canada. The questions were put both to representatives of firms interviewed, and to the people interviewed for the three case studies in Section 3. In many cases, these people have been involved in, and committed to, the development process for many years. The opinions summarized here are built on wide experience and observation.

5.1 SUCCESS FACTORS

Question 1: What has made Moncton what it is today?

A number of factors were identified by respondents as important contributors to the overall success of the Greater Moncton area over the past ten years:

- **Strong local leadership**, notably from the GMEC, the business community, GMCC, and municipal political leaders.
- **Perseverance and resilience**, the ability to pick yourself up and start over, positive attitudes, facing up to reality, “letting losers go”.
- **A high degree of cooperation** among the key players and major organizations; good team spirit among the business community and all levels of government.
- **A dynamic entrepreneurial spirit**; good business attitude and a pro-business community.
- **The people**, friendly, welcoming, open-minded, willing to cooperate, strongly committed, relatively well-educated.
- **A high quality workforce**, reliable and with strong work ethics, little absenteeism, loyal, and with a good pool of educated and skilled people.
- **Good education infrastructure**, UdeM, Mount Allison University close by, two Community College campuses, and a number of private technical and vocational schools.
- **Good R&D facilities** at UdeM, available for private sector research.

- **Bilingualism**, ability of both main cultural communities to work together in mutual respect, especially attractive to firms marketing in Quebec and Europe; good promotion and marketing tool.
- **UdeM and the Acadian factor**, producing a competent group of business people who have contributed to the revival of the entrepreneurial spirit in Greater Moncton.
- **Quality of life**, good amenities, including two hospitals, good educational facilities, good recreational facilities, good services centre, reasonable cost of living compared with other urban centres of similar size.
- **A good location**, hub of the Maritimes, good transportation network, easy access to Canadian and American markets, relatively easy to attract qualified and skilled people from the rest of the Maritimes.
- **A diversifying economy**, no dominant employer, and with the emergence of a high technology sector.

5.2 KEY INTERVENORS

Question 2: Who were the key players?

The key players identified are (in no particular order):

- GMEC;
- GMCC;
- The business community;
- The three municipal councils;
- NBTel;
- The Province (including former Premier McKenna);
- ACOA;
- UdeM;
- The Community College campuses; and
- The industrial parks.

Although this list is in no particular order, most positive mentions covered GMEC, UdeM, and NBTel.

5.3 REASONS FOR SUCCESS

Question 3: Why did it work?

The respondents give the following answers:

- The many closures and setbacks in Greater Moncton over the years helped mobilize the population, especially the leaders, to action. There was a refusal to accept defeat. Some said it had to work, there was no reasonable alternative.
- A good synergy developed among the key leaders, including between Acadian and anglophone business communities.
- A strong leadership and commitment, notably the GMEC, GMCC and the business community. Leaders became very focused in their resolve to succeed. Early successes helped build a strong sense of self-confidence, which translated into more successes. Equally, people accepted that not everything would succeed, and failures were treated as lessons.
- A high degree of cooperation among all people involved.
- There was a willingness to try new things, to be innovative.
- A high degree of entrepreneurship generally emerged, notably within the francophone community.
- Partnerships developed, with the three municipalities acting in concert. The community wasn't without natural advantages (like location) and infrastructure.
- There was an element of luck or good timing, with a new provincial government beginning to nudge New Brunswick in different directions.

5.4 SUSTAINABILITY

Question 4: Is this success sustainable? Why? What is the next step?

All respondents answered affirmatively to this question, some more strongly than others. Major factors ensuring sustainability are:

- The factors that have made it happen are still there. In particular, the leadership is broadly-based and remains strongly committed. Cooperation still is strong. There are still high-quality volunteers. The community still meets regularly to prepare new strategic plans. And success breeds success.

- Moncton now has a more diversified economic base, and any failures would no longer create major disruptions on the local economy.
- Some clustering has occurred and many firms feed on each other ensuring long term stability.

There were, however, some cautionary notes:

- The community has reached a plateau, and must now be re-energized and refocused.
- Efforts must be directed away from call centres to other communications firms.
- Development agencies must continue to be aggressive in their efforts to stimulate development.
- Unemployment is still relatively high.
- The current leadership is getting older, and there is a challenge in recruiting new blood to take over.

5.5 LESSONS FOR OTHER PLACES

Question 5: Is this experience transferable ? Why?

The answer to this question was not unanimous. Most people believe that the experience is transferable to some extent, but only if a number of conditions were met at the local level. Among these are:

- Growth has to be driven by local people and not prescribed by governments, notably the provincial and federal governments.
- Attitudes must be transformed at the local level; there has to be a change in culture; there must be pride, self-confidence; people need to be strongly committed and highly motivated.
- Local people must have the determination to solve their own problems.
- There has to be strong local leadership and cooperation.
- Local leaders have to play the main role; they have to define a vision that is based on natural and locational advantages and strengths, develop a plan that is suitable to their particular environment and cooperate in its implementation.

Three responses (of about 30 in total) thought it was not possible to transfer the Moncton experience elsewhere. They argued that the Moncton success is based on a set of conditions which are not present and not easily duplicated elsewhere, such as location, the special attributes of the Moncton people, good educational facilities, an educated workforce, and bilingualism.

Most responses, however, considered the Greater Moncton experience could be transferred elsewhere. In support of this, we can note several things:

- Recognize you need help, seek the advice of experienced people, and prepare a plan.
- Identify your latent potential, strengths and weakness; then apply a lot of common sense, hard work, strong partnerships, and strong leadership.
- Seek a unified vision, determined by the community not the government.
- Organizations must subdue their own roles in favour of the community.

SECTION 6: CONCLUSIONS

This project has investigated certain aspects of Greater Moncton's economic development over the past ten years or so. Available economic data have confirmed that there has been significant progress, and partnerships that have formed around specific projects have contributed to this progress significantly. This helps us to answer two questions:

- Does Greater Moncton hold lessons for other communities in Atlantic Canada?
- Is economic development becoming more self-sustaining at the local level?

Greater Moncton's economic history embodies dynamic entrepreneurialism, overdependence on a few big industries, recovery from debilitating shocks, and the emergence of an aggressive, self-confident Acadian business class in recent years to complement the very solid Anglophone business community that had already developed. How the two cultures (French and English) have come to respect and work with each other is a central theme underpinning Greater Moncton's recent successes.

For much of the twentieth century the local economic base was dominated by a narrow range of industries, like CN repair shops and the T. Eaton Company catalogue centre. Moncton also developed as a transportation and distribution centre, with a fair array of manufacturing and public services (especially federal). In recent years it has also developed as a health-care centre.

When both Eaton's and the CN Shops closed (one in the 1970s, the other in the 1980s) the community faced immense challenges. By and large it has worked successfully to meet this challenges. During the 1990s especially it has introduced new industries and created new jobs, and it has promoted technology-based manufacturing and services. Most economic indicators (labour markets, incomes, construction) confirm that Greater Moncton is one of the most dynamic places of its size in Canada.

This has been accomplished in part by organization, by hard work within the community, and by a series of successful partnerships. These have built on Greater Moncton's natural advantages, like a favourable location within Maritime Canada, within easy reach of bigger markets in central Canada and the United States. Its location has allowed it to develop as a retailing centre, and as a distribution centre. There has long been a relatively diverse, non-resource-based manufacturing sector. Greater Moncton has also benefited from luck and timing, but this largely supplemented the other factors working towards the community's overall success.

But the real resource has been the community itself. It is difficult to quantify perseverance, hard work by volunteers, faith in your community, and almost incurable optimism, yet these are indispensable to Greater Moncton's recent progress. Beginning with Symposium 2000, held in the aftermath of the CN Shops closure in 1989, there has been a series of

strategic plans put in place and then put into action. These have been devised at the community level, not imposed by other levels of government. They have been built on realistic and honest assessment of the community's strengths and weaknesses, capitalizing on wider economic trends that offer opportunities.

These plans have largely been implemented by a series of partnerships, each with its own objectives narrowly or broadly defined, each with its own structure, each with a more or less diverse array of partners that represent the community, all levels of government, and the private sector. Although diverse, the partnerships (like the plans they help put into practice) have one over-arching goal in mind - to contribute to the success of the community. This often, indeed usually, means that the interests of individuals and agencies involved in the partnerships must take second place to the interests of the community. But if the community prospers, then the people and businesses that comprise it will also prosper.

Many of the partnerships have formed around one or two important agencies in Greater Moncton, notably the Greater Moncton Economic Commission, and the University. The cooperation and support of the three municipal councils, and the active and sympathetic participation of provincial and federal governments, have been critical. Each partnership and agency has been at pains to avoid straying too far onto the territory of other partnerships, while offering support and advice to them, and helping them to move forward. The partnership that formed around transfer of the airport to local management, for example, was allowed to pursue its goals without much interference from other partnerships - it was more than competent in doing this.

Some partnerships have developed at multiple levels. Call centres, for example, were initially an initiative of the provincial government in collaboration with NBTel, to use New Brunswick's (not just Greater Moncton's) exceptional telecommunications system as a tool of economic development. Greater Moncton seized on this as a great opportunity for diversification, and now is home to about 20 teleservice centres employing about 3,000 people (or between 5 and 6% of the community's total employment). It enlisted the help of the Community College campuses and NBTel to help develop the industry, and rapidly devised a package of information and services (including a list of pre-qualified personnel and a disaster recovery centre) that impressed companies looking for a location for a call centre.

Very few partnerships have a finite life. Most, if not all, go on to new goals once the old ones have been met. Some partnerships, indeed, seem deliberately designed never to complete their work. The Université de Moncton (itself a constant and central theme in Moncton's recent development, by pursuit of its goal of advancing Acadian education) is the home to several such partnerships, notably Concept+ and its support of local technology firms, and by construction of the Parc scientifique to promote new commercially-oriented technologies in collaboration with local entrepreneurs.

New partnerships are constantly being set up to accomplish yet other goals. Vision 2020, held in early 1998, has identified a series of projects that will occupy Greater Moncton over the next few years. Some of these are a continuation or diversification of industrial development themes, some old (like airport development) others new (like development of health care service industries, or electronic commerce). Others, however, are more concerned with Greater Moncton as a place to live and work, like beautification, or development of leisure facilities along the Petitcodiac River. This can be regarded as a sign that Greater Moncton is maturing. If earlier projects and plans were designed mainly to address economic problems and regain lost jobs, new ones in part address quality of life in the community.

Does Greater Moncton's story hold lessons for other communities in Atlantic Canada? Mostly, it does, but not without qualifications. Put simply, Greater Moncton built on what it had as assets and advantages, clearly and honestly appraised, then put to work to help the community develop. It also benefited from aggressive promotion of new types of industry by the provincial government, notably former Premier McKenna, buying into his new vision for New Brunswick at an early stage and gaining an advantage as a result. The lesson for other communities is quite simple: Assess what you have, prepare a plan, mobilize volunteer energies and enthusiasm, enlist partner agencies, work together towards stated goals and objectives, then begin again with another plan that reflects recent achievements and changed circumstances.

Although simple, this is not easy. But Greater Moncton makes a strong case that effective development must originate and be driven at the local level. Outsiders can help, indeed should be enlisted to help, but they cannot do the work, nor should they. The community knows what it has and what it wants. Directions are set at this level, then necessary resources co-opted from outside.

Is economic development in Greater Moncton now self-sustaining? There is no doubt that the community has begun to take charge by making realistic plans, and then implementing them by mobilizing local energies. This is very important, but the community cannot do everything itself, because it does not operate in a vacuum. Putting a plan into action requires many more things to fall into place, including financial resources and knowledge that may not reside in the community and therefore must be acquired from outside. Consideration of the case studies in this report helps demonstrate this.

The call centre development was a partnership developed in tandem, with provincial government and NBTel persuading companies firstly to consider New Brunswick as a location, and offering financial assistance for worker training. Communities then had to persuade companies they were more attractive as locations than other places. In this case study, the Province has one role, that of targeting and attracting companies, and monitoring developments in teleservice. The community had another role, that included provision of space, training (through the Community College campuses), and generally

making life easier for companies. NBTel had roles at both levels, firstly through its participation in the Call Centre Development Team in attracting companies, secondly in providing service and advice to companies in Greater Moncton. The roles of each of the main partners complemented each other. It would be difficult for any one partner to carry out the roles of any of the others cost effectively.

The UdeM partnerships have largely been targeted at helping local entrepreneurs develop technology-based products and services for commercial application. As well as partnering with firms (through Concept+, or by building the Parc scientifique), UdeM and the firms involved also enlisted the assistance of other partners, including ACOA, EDT, BDC and NRC. The first three of these were sources of finance, the last was mainly as a source of technical advice and information. Both types of support are often indispensable to new business start-ups in Atlantic Canada, where private sources of capital for firms with little physical collateral (like technology firms) are very poorly developed.

Finally, although Moncton Airport is now under local management, it is still owned by the federal government. The first five years of operations, as well, are with the assistance of a federal subsidy. Necessary investment to upgrade the airport would be very difficult if based solely on local resources. While the airport should be managed and marketed as a community asset, upgrading plant will need the help of all involved partners for some time to come.

These examples show that outside help is necessary in two main ways - money and advice or information. Financial assistance is both to help fledgling companies develop products to commercial potential, and to help institutions and agencies in Greater Moncton pay for necessary operations and investments. It remains a fact of life that municipalities are the poorest echelon of government in Canada, with revenue-raising capabilities essentially limited to property taxation and some user fees. This limits their abilities to pay for the bills that often attend economic development exercises. Advice and information support reflects the fact that as a community's economic base diversifies, it must do so with the help of knowledge and skills that may not initially reside locally, but must be learned from somewhere else.

But the community must drive the plan and the development. This draws on the energies and potential of local individuals, businesses, and institutions. It must be led locally, and must renew itself periodically in several ways - changing plans and strategies to reflect different circumstances, adapting to new challenges and opportunities, and involving new volunteers and leaders. In effect this means that the community, whether Greater Moncton or somewhere else, is the principal partnership. For in the end a community is not industries or companies; it is people.